VIVO ENERGY

VIVO ENERGY PLC ANNUAL REPORT & ACCOUNTS 2018

ENERGY TO GROW

CONTENTS

FURTHER INFORMATION

Markers to further information are illustrated within this report as follows:

More information online at **investors.vivoenergy.com**

More information within this report

Non-GAAP measures are explained and reconciled on pages 47 to 48.

THE VIVO ENERGY STORY

The Vivo Energy story is an African story – one of robust demographic trends driving dynamic and sustained growth, in a continent on the move. Our business brings together the power of one of the world's great brands and the flexibility of a vibrant, entrepreneurial corporate culture. All set against the backdrop of surging demand in one of the world's fastest-growing regions.

Established in 2011, we are the company behind the Shell brand, and now also the Engen brand, in multiple African markets. We source, distribute, market and supply high quality fuels and lubricants to retail and commercial customers – making their experience with us more convenient and rewarding.

Our IPO in May 2018 represented a major milestone for Vivo Energy and I am very pleased with the strong set of results delivered in 2018 – our first as a public company. I would like to thank the Executive Committee and employees for their significant efforts and relentless focus on growth, which made this possible. Looking ahead, we continue to see significant growth opportunities across the portfolio, which I look forward to with confidence.

JOHN DALY
CHAIRMAN

2018 FINANCIAL HIGHLIGHTS

GROSS CASH UNIT MARGIN

US$/'000 litres

73

2018	**73**
2017	74
2016	69
2015	59

GROSS PROFIT

US$'000

624,387

2018	**624,387**
2017	613,921
2016	532,956
2015	433,393

ADJUSTED EBITDA

US$'000

400,208

2018	**400,208**
2017	376,128
2016	302,191
2015	240,238

NET INCOME

US$'000

146,059

2018	**146,059**
2017	129,653
2016	98,714
2015	68,743

ADJUSTED FREE CASH FLOW

US$'000

149,081

2018	**149,081**
2017	137,874
2016	162,178
2015	-31,201

VOLUME

million litres

9,351

2018	**9,351**
2017	9,026
2016	8,389
2015	7,990

THE VIVO ENERGY STORY CONTINUED

MARKET: COMPELLING AFRICAN FUNDAMENTALS

No other region in the world offers such opportunities. The 15 countries where we operated service stations in 2018 have 299 million consumers and a projected GDP CAGR 2018-23 running at an average of 5%. Rapid urbanisation, and a more affluent, fast-growing population are accelerating vehicle growth and increasing demand for fuels, lubricants and the range of additional products and services we offer.

See market overview on pages 26 to 27.

299 MILL
CONSUMERS... AND

7.4%

VEHICLE GROWTH
CAGR 2016-21
(IN AFRICA)

3.1%

FUEL DEMAND GROWTH
CAGR 2016-21
(IN OUR 15 COUNTRIES
AT THE END OF 2018)

LION

GROWING

THE VIVO ENERGY STORY CONTINUED

PLATFORM: PAN-AFRICAN FOOTPRINT, MARKET-LEADING BRAND

The power of the Shell brand is the foundation for what makes Vivo Energy different. With a Shell brand preference rating of 52% in 2017, retail and commercial customers trust us to deliver the performance they want. In fact when service stations rebrand to Shell, they typically see a 25%+ uplift in volumes. We're already the market leader or number two in 14 of the 15 markets where we were present in 2018, with an overall market share of 23%. And following the recent completion of the Engen transaction in March 2019, we hope to grow the business under the Engen brand in new countries and to enjoy similar market share, in due course.

See market overview on pages 26 to 27.

Non-GAAP measures are explained and reconciled on pages 47 to 48.

BUSINESS MODEL: INTEGRATED, ENTREPRENEURIAL AND PERFORMANCE-DRIVEN

Diversified geographically across Africa, our integrated operations have a powerful performance track record across the Retail, Commercial and Lubricants segments. We have access to critical supply infrastructure – including our approximate 966,000 cubic metres of fuel storage, access to six lubricant blending plants and 1,900 Shell-branded service stations across 15 countries. Our local, entrepreneurial teams are empowered and incentivised to perform by a Group structure that has the flexibility to adapt to meet local needs, while also ensuring compliance with the highest standards of governance.

See our business model on pages 16 to 17.

+4%

2018 YEAR-ON-YEAR VOLUME GROWTH

+580

VIVO ENERGY HAS ADDED OR REDEVELOPED MORE THAN 580 NON-FUEL RETAIL OUTLETS SINCE 2014

$149M

ADJUSTED FREE CASH FLOW IN 2018

GROW

+6%

2018 YEAR-ON-YEAR ADJUSTED EBITDA

+630

VIVO ENERGY HAS ADDED MORE THAN 630 SERVICE STATIONS SINCE 2012

THE VIVO ENERGY STORY CONTINUED

GROWTH: ORGANIC AND INORGANIC ACROSS FUEL, CONVENIENCE RETAIL AND QUICK SERVICE RESTAURANTS

By focusing on both organic and inorganic growth, we've increased volume every year since we were established in 2011. We capture unrealised opportunities in our operating countries – for example, we've opened more than 630 service stations since 2012, including a net total of 88 in 2018, and added or redeveloped over 580 Non-fuel retail outlets (convenience retail outlets and quick service restaurants) since 2014, including 119 in 2018. Growth is now set to accelerate again, following completion of the Engen transaction, which brings eight new countries and 230 service stations into our portfolio from March 2019.

See our strategy on pages 28 to 31.

FINANCIAL MODEL: RESILIENT, STRONG EARNINGS AND HIGH RETURNS

Our financial model is based on growing volumes and resilient gross cash unit margins, largely decoupled from movements in the price of oil or foreign exchange. We have high operating leverage – and this, alongside disciplined capital allocation, high cash conversion and negative working capital, means we can add scale without a corresponding increase in costs.

See our financial performance on page 40.

966,000

CUBIC METRES OF FUEL STORAGE

> Our vision is to become the most respected energy company in Africa.

Just a year ago, we were a privately owned business. Today, following our IPO in May 2018, we are a publicly listed company accountable to many shareholders, with strong governance processes in place. I would like to pay tribute to my team right at the start of this statement – their commitment, skills and sheer hard work made the IPO not only possible but hugely successful. And I also want to thank Vitol and Helios, our founding owners, for their strong backing for the IPO. Most importantly, the IPO did not distract from our business and we have delivered good results for 2018.

As well as delivering the IPO, we've finalised the transaction to acquire key parts of the Engen business. This deal, which completed on 1 March 2019, extends our footprint into eight new countries, increasing our presence to 23 African markets, further diversifying our business and opening up new opportunities to accelerate growth across Africa. And as if that wasn't enough behind-the-scenes activity for one year, we also prepared the ground for future efficiencies by implementing the first stages in a new Enterprise Resource Planning (ERP) system that will transform our analytical capabilities and efficiency.

ACCELERATING GROWTH

CHIEF EXECUTIVE OFFICER'S STATEMENT
CHRISTIAN CHAMMAS

"This has been a remarkable year for Vivo Energy – one where we've not only again achieved continued, year-on-year growth, but done so while successfully carrying out important changes to our company."

VOLUME million litres

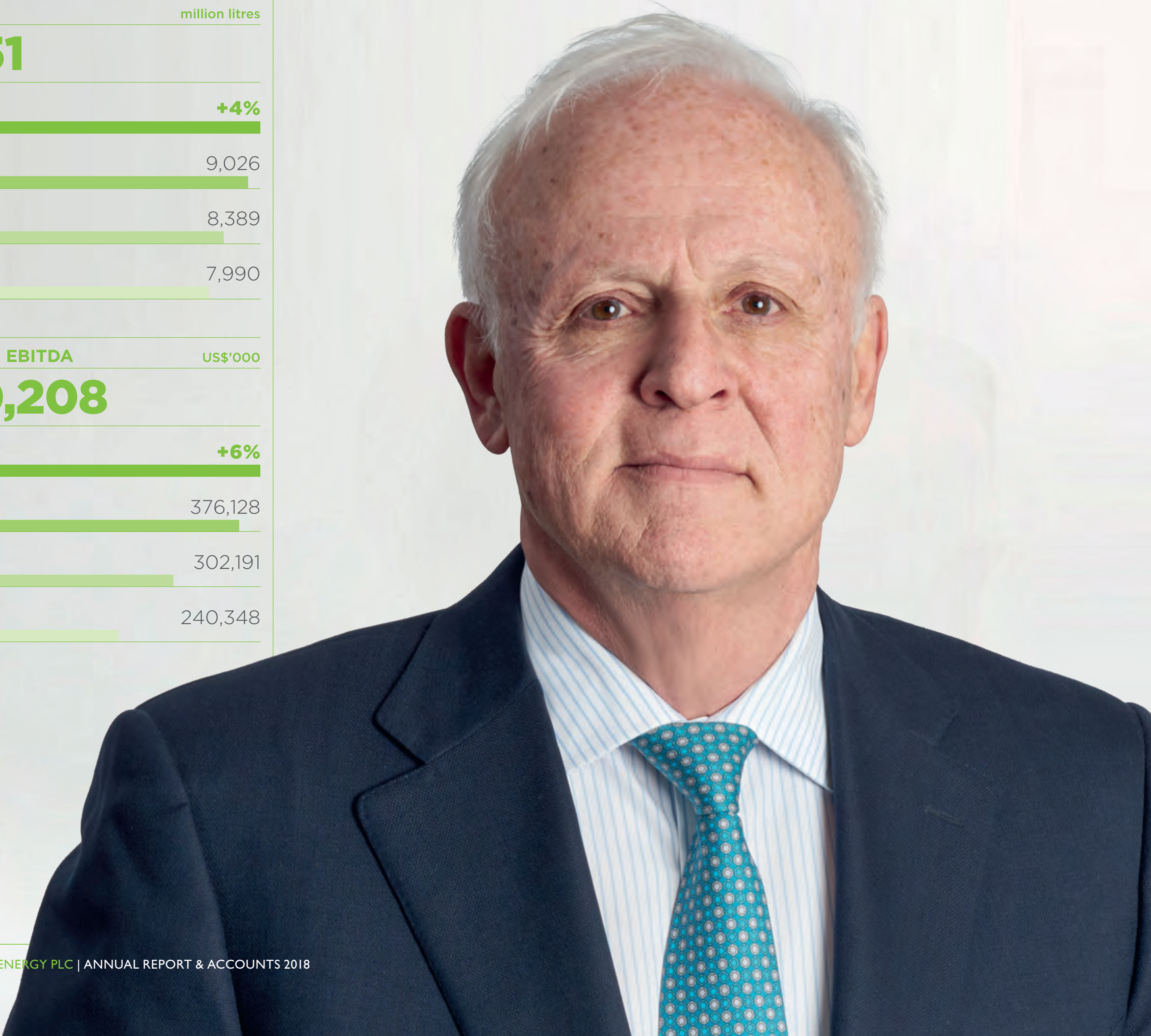
9,351

2018	**+4%**
2017	9,026
2016	8,389
2015	7,990

ADJUSTED EBITDA US$'000

400,208

2018	**+6%**
2017	376,128
2016	302,191
2015	240,348



+15%

NON-FUEL RETAIL GROSS CASH PROFIT UP 15% YEAR-ON-YEAR

0.192

STRONG HSSE PERFORMANCE DURING THE YEAR WITH TOTAL RECORDABLE CASE FREQUENCY OF 0.192 INCIDENTS PER MILLION EXPOSURE HOURS

+13%

NET INCOME INCREASED 13% YEAR-ON-YEAR

PERFORMANCE HIGHLIGHTS

We grow by developing our business – both organically and inorganically – across a continent that's surging forward. Throughout Africa, the demographic and economic trends are almost universally positive and supportive of our business model. More people are becoming more affluent and, with higher purchasing power, are driving demand for our business – not just for fuels and lubricants but also for fast food, retail and the many other products and services we offer on our retail service stations. As consumer spending power increases, so too does activity in the Commercial sector. This in turn means increased fuel and lubricant demand from companies involved in construction, mining, aviation, transport and many other sectors.

We're enormously proud to have delivered growth, in every single year since our formation in 2011. 2018 has been no different.

It was important to start our life as a public company by delivering against our guidance and I am delighted to say that we have done so, in spite of several external headwinds, as our diversified business model proved resilient. Our volumes grew by 4% year-on-year, to 9,351 million litres, and we delivered a gross cash unit margin of $73 per thousand litres.

Volume growth was driven by a strong performance in our Commercial business. Our Retail business grew by 3% in the year, despite the impact of industry supply shortages in the third quarter. On the gross cash unit margin side, we saw strong performance in the Commercial business which partially offset pressure on our Retail segment through the second half of the year. This was primarily as a result of market conditions in Morocco, which we expect will continue into 2019.

The strong operational performance is reflected in our financial performance where we delivered continued year-on-year adjusted EBITDA growth. Group adjusted EBITDA of $400 million was 6% higher than 2017 (EBIT of $276 million, 14% higher than 2017), with adjusted net income of $178 million being 4% higher than the previous year. We also generated strong adjusted free cash flow of $149 million and continued to deliver our business, with a leverage ratio now standing at 0.79x. This has meant that the Board recommends a final dividend of 1.3 dollar cents per share, bringing the full year dividend to 1.9 dollar cents per share, representing 30% of attributable net income, pro-rated for the period since IPO and in line with our dividend policy. If approved at our Annual General Meeting, the final dividend will be paid to shareholders on 10 June 2019.

Much of the focus this year has been on our Moroccan Retail segment as a result of the fuel sector being caught up in wider consumer activism in the country in the second quarter. During 2018, we continued to operate efficiently and have invested to grow our network and our product offerings in the country, albeit at lower margins in the second half of the year. We continue to engage with the relevant government stakeholders, primarily through the industry body. As a result of the Moroccan market conditions and the growth of Vivo Energy in our other markets and segments, the EBITDA contribution of the Moroccan retail segment in 2018 was 18%, compared to 29% in 2017 (and 14% in the second half of 2018). We expect this 18% contribution to fall further in 2019, primarily as a result of the contribution of the new Engen markets in 2019.

Safety – no room for compromise or complacency

We continued to have a very strong Health, Safety, Security and Environment (HSSE) record which shows us exceeding our targets and remaining ahead of our peers on safety performance.

However, it saddens me greatly to report that in October we lost a colleague in a Liquefied Petroleum Gas (LPG) fire at a customer's factory in Morocco. Although the investigation into the incident is ongoing, the learnings have been shared widely and acted on, to ensure such a tragedy can never happen again.

We understand that maintaining our strong track record as we grow will become ever more challenging, and our promise to our teams remains the same – we'll give them great careers, we'll empower them to make decisions and we'll do everything we can to make sure that they always go home safely at the end of their working day.

Becoming the most respected energy company in Africa

The way we treat our teams is at the heart of our vision: to become the most respected energy company in Africa. We could have aimed to be the fastest growing, the biggest or the most profitable – but to us, respect is the mark of a business that truly understands its potential to be a long-term positive force in the world.

We want to be respected by all our stakeholders – by employees for our uncompromising focus on HSSE and the way they are recognised and rewarded… by customers for the unbeatable quality of our products and the excellent service our teams provide…by communities for the way we work hard to be good and supportive neighbours…and of course by shareholders for our high standards of integrity, transparency and governance, and our track record of delivering growth.

LOOKING AHEAD

The coming year will be exciting as the Engen transaction will enable us to take our tried and tested way of working into new markets. We will continue to expand our retail network, our Non-fuel retail offerings and will drive premium fuel penetration in our markets.

Whilst we don't know what macroeconomic factors outside our control might occur and impact the African economy, our business model is proven, our financial model is resilient and our entrepreneurial teams are energised and empowered.

2019 outlook

In 2019, we expect to build further on the good momentum from 2018, delivering low to mid double-digit percentage volume growth from a combination of organic growth across our existing markets and the integration of the newly acquired Engen operations.

Based on current market conditions in Morocco and a more conservative outlook in the Commercial segment we expect to achieve a US dollar gross cash unit margin in the high sixties per thousand litres for the year. This is on the assumption that there are no further material changes to the operating environment in Morocco during the year.

Overall the prospects for the Group remain positive, we are excited by the opportunities that our expanded portfolio will bring, and expect to continue to build our retail footprint across our markets by opening between 80 and 100 new retail service stations across the 23 high growth countries in which we now operate.

It's been a privilege to work alongside my colleagues over this last year and I would like to thank every single one of them for the outstanding contributions that they have each made in 2018.

I look forward to sharing more successes in the months ahead.

CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER

GROUP HIGHLIGHTS

2018 HIGHLIGHTS

The last 12 months have seen many major achievements, as we continue to move towards our goal of being the most respected energy company in Africa. These are some of the most significant ones:

GROSS PROFIT US$'000

624,387

2018	**+2%**
2017	613,921
2016	532,956
2015	433,393

TOTAL RETAIL SERVICE STATIONS

1,900

2018	**+4%**
2017	1,829
2016	1,726
2015	1,628

NET INCOME US$'000

146,059

2018	**+13%**
2017	129,653
2016	98,714
2015	68,743

ROACE[1] %

23%

2018	**-2p.p.[2]**
2017	25
2016	20
2015	15

1 2017 and 2018 includes the impact of the SVL acquisition.
2 p.p. refers to percentage points.

Non-GAAP measures are explained and reconciled on pages 47 to 48.

SUCCESSFULLY COMPLETING OUR INITIAL PUBLIC OFFERING

In May 2018, we successfully completed an initial public offering, and were admitted to trading on the Main Market of the London Stock Exchange, with a secondary listing on the Main Board of the securities exchange operated by the Johannesburg Stock Exchange.

Bringing our company to the public markets enables us to further grow the business and strengthen our market leading position across Africa. The listings gave us improved access to capital markets, diversified our shareholder base, and enhanced our profile with stakeholders.

LAUNCHING OUR NEW ENTERPRISE RESOURCE PLANNING SYSTEM

In September 2018, we completed the development and deployment of the SAP S/4 HANA Enterprise Resource Planning (ERP) system in our first two operating units, Kenya and Uganda.

This new system provides us with an integrated technology platform that supports our growth by simplifying our business processes, helping us make decisions faster. It also benefits our customers, suppliers and partners, by giving them a faster, more professional service.

We're looking forward to developing and deploying this ERP system in our other markets during 2019.

FINALISING AGREEMENT TO ACQUIRE ENGEN'S INTERNATIONAL BUSINESS IN NINE COUNTRIES[1]

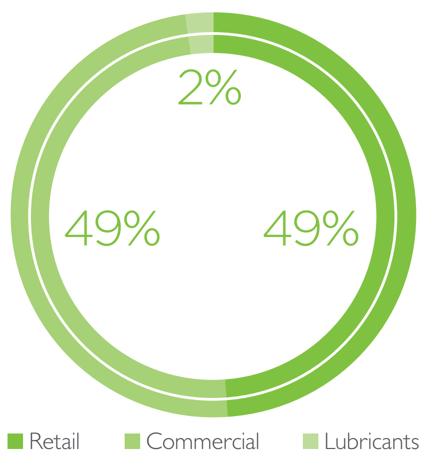
On 1 March 2019, Vivo Energy completed the transaction to acquire Engen International Holdings (Mauritius) Limited, adding operations in eight new countries and 230 Engen-branded service stations to Vivo Energy's network, taking our total presence to 2,130 service stations, across 23 African markets. The new markets for Vivo Energy are Gabon, Malawi, Mozambique, Reunion, Rwanda, Tanzania, Zambia and Zimbabwe. Engen's Kenya operations (where Vivo Energy already operates) is the ninth country included in the transaction.

For the year ended 31 December 2018, the nine entities that have transferred to Vivo Energy sold approximately 1.0 billion litres of fuel (2017: 0.9 billion).

Unaudited management adjusted EBITDA for the entities was approximately $33 million (2017: $33 million), of which $24 million is attributable[2] (2017: $26 million), with attributable net cash on hand of approximately $51 million[3] (2017: $48 million).

Vivo Energy believes that there is significant potential to grow the business and increase the Group's market share by replicating our tried and tested business model. Our current plans are to maintain the Engen brand in the eight new operating countries, as we believe that the Engen brand is a strong, well-established brand. However, we will rebrand Engen services stations in Kenya to the Shell brand in accordance with the Shell Brand Licence Agreement.

2018 ENGEN MARKETS' VOLUME CONTRIBUTION BY BUSINESS SEGMENT



1 Engen data points based on Engen management information reporting.
2 Engen management information figure. 100% of EBITDA including minority interests. Minority interests include 40% in Gabon and 51% in Zimbabwe.
3 Includes approximately $25 million in Zimbabwe at the official exchange rate at 31 December 2018.

WHO WE ARE

A DYNAMIC COMPANY

A fast-growing business operating in fast-growing markets, we make our customers' lives easier and their experience with us more convenient, enjoyable and rewarding.

How? By providing quality products and services that meet their needs, supported by high standards of safety, innovation and service – in every area where we operate.

We're a market-leading, pan-African retailer and distributor of high quality fuels and lubricants. We source, distribute, market and supply these products to retail and commercial customers across the continent.

ADJUSTED EBITDA BY SEGMENT

US$'000

122,205
COMMERCIAL

226,977
RETAIL

LUBRICANTS
51,026

Non-GAAP measures are explained and reconciled on pages 47 to 48.

RETAIL

Retail is the engine that powers our growth. At the end of 2018 we had 1,900 service stations across the continent – making us the second largest retailer in Africa outside South Africa, in terms of site numbers.

RETAIL FUELS

Sale of petrol and diesel fuels at Shell-branded service stations.

NON-FUEL RETAIL

Convenience retail shops, quick service and fast casual restaurants, and other services including lubricant bays, car washes and banking services.

VOLUME

	million litres
2018	**5,354**
2017	5,196
2016	4,849
2015	4,434

GROSS CASH PROFIT including Non-fuel retail

	US$'000
2018	**427,959**
2017	429,434
2016	375,931
2015	288,977

STRATEGIC ADVANTAGES

- One of Africa's largest retailer footprints, with 1,900 Shell-branded service stations.
- Quality network in strategic locations, with high average throughput compared to the industry.
- Extensive Non-fuel retail offering across our network – including shops, restaurants and ATMs – which drive fuel volumes.
- Exposure to a growing number of vehicles, rising fuel demand and increased disposable income across Africa.

COMMERCIAL

Our Commercial business is founded on a proven customer value proposition. We not only ensure a reliable supply of high quality fuels to a wide range of customers operating in high-growth sectors – we also support those products with extensive, trusted services.

CORE COMMERCIAL

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

AVIATION & MARINE

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

VOLUME

Year	million litres
2018	**3,863**
2017	3,701
2016	3,419
2015	3,455

GROSS CASH PROFIT

Year	US$'000
2018	**181,249**
2017	161,601
2016	144,687
2015	137,848

STRATEGIC ADVANTAGES

- Established and strong position in many of our markets.
- Diversified mix of business across long-term contracts, tender business and spot sales.
- Around 5,000 customers across construction, power, mining, aviation and marine.
- Exposure to increasing infrastructure spend and industrialisation across the continent.

LUBRICANTS

We sell Shell-branded lubricants to commercial customers and consumers in our countries of operation, and also export to more than ten additional African markets.

RETAIL LUBRICANTS

Providing products to consumers at our Shell service station forecourts and lubricant bays and also at oil shops, repair shops, service centres and resellers through a network of distributors.

COMMERCIAL LUBRICANTS

Supplying specialist lubricants to mining companies, B2B customers and export sales to other African markets.

VOLUME

Year	million litres
2018	**134**
2017	129
2016	121
2015	101

GROSS CASH PROFIT

Year	US$'000
2018	**70,420**
2017	74,991
2016	58,868
2015	47,001

STRATEGIC ADVANTAGES

- Market-leading global Shell-branded products (Helix and Rimula).
- Reputation for building long-term relationships by providing specialist, value-added services.
- Integrated manufacturing, distribution and marketing operations.
- Multi-channel distribution through service stations, distributors and direct to commercial customers.
- Our Lubricants business is high-margin and high-growth, with around 61% of sales to individual consumers in the retail channels.

WHERE WE OPERATE

A STRONG AND GROWING PRESENCE

We have a strong and growing presence in Africa, with a network of 1,900 service stations, spanning 15 countries, at the end of 2018. During 2018 we opened a net total of 88 new service stations and 119 new convenience retail and quick service restaurants.

OUR MARKETS AS AT 31 DECEMBER 2018[1]

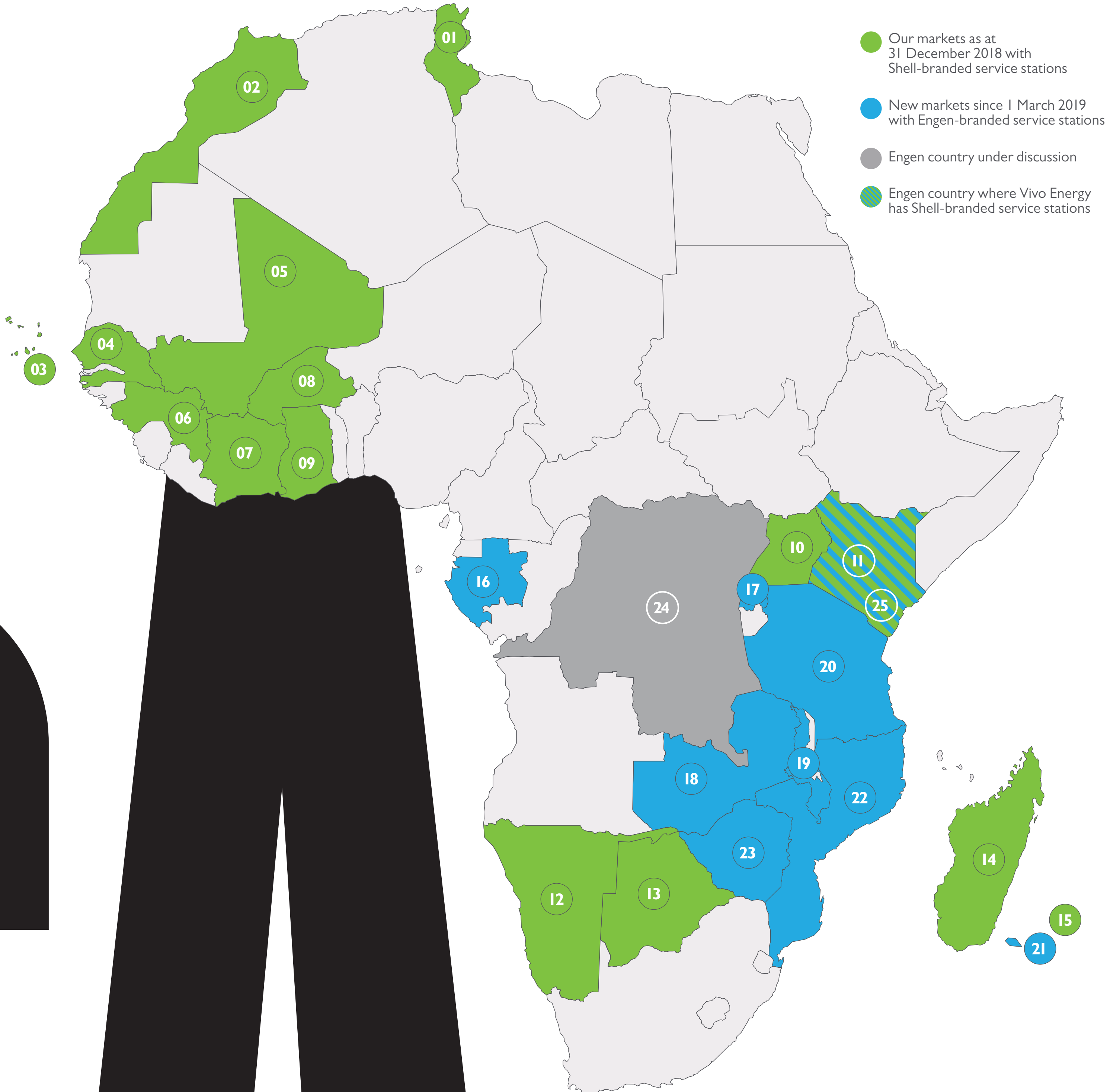
Country	Market share	Service stations	Total volume
01 TUNISIA	26%	169	1,140
02 MOROCCO	24%	340	2,153
03 CAPE VERDE	48%	26	257
04 SENEGAL	26%	112	517
05 MALI	23%	39	303
06 GUINEA	24%	86	320
07 CÔTE D'IVOIRE	30%	215	666
08 BURKINA FASO	18%	71	297
09 GHANA	13%	226	617
10 UGANDA	24%	150	465
11 KENYA	19%	203	1,136
12 NAMIBIA	30%	59	366
13 BOTSWANA	32%	87	385
14 MADAGASCAR	21%	70	196
15 MAURITIUS	31%	47	511

NEW MARKETS SINCE 1 MARCH 2019[2]

ENGEN

Country	Market share	Service stations	Total volume
16 GABON	17%	22	128
17 RWANDA	20%	20	51
18 ZAMBIA	6%	33	103
19 MALAWI	8%	16	37
20 TANZANIA	2%	7	57
21 REUNION	21%	36	206
22 MOZAMBIQUE	13%	18	217
23 ZIMBABWE	12%	63	151

AFRIC



NOTES ON THE ENGEN TRANSACTION

– Engen continues its discussions with the Government of the Democratic Republic of Congo (DRC) regarding the transfer of the subsidiary holding Engen's DRC-related interests. Vivo Energy continues to evaluate the potential acquisition.

– Kenya is the only country in the Engen transaction where Vivo Energy also had a Shell service station network. The Engen service stations in Kenya will be rebranded to Shell, reducing complexity and allowing Vivo Energy to operate a single brand in Kenya.

24 DEMOCRATIC REPUBLIC OF CONGO

25 KENYA

Service stations	15
Total volume	81

1 Total volumes measured in million litres.

2 Engen service station and total volume data based on Engen management information.

BUSINESS MODEL AND VALUE CREATION

HOW WE CREATE VALUE

	SUPPLY	STORAGE
VIVO ENERGY HAS NO INVOLVEMENT IN OIL PRODUCT EXTRACTION OR REFINING. OUR FOCUS IS FROM SUPPLY TO SALE OF PRODUCTS		
OUR COMPETITIVE ADVANTAGE IS DERIVED FROM SEVERAL AREAS INCLUDING:	– Diversified supply – Purchasing economies of scale	– Access to storage enables supply across Africa, flexibility, adjustments to changes in demand and resilience to supply shocks
WE'RE ORGANISED TO TAKE ADVANTAGE OF MARKET CHARACTERISTICS:	SUPPLY Our model enables us to balance security of supply with cost efficiency. With support from the Group, our in-country teams coordinate the availability and supply of oil products in order to meet customer demand. We source fuels from more than 100 suppliers, via fuel supply agreements. Our biggest supplier is Vitol, which supplied nearly 30% of fuel products in 2018, under an arm's-length agreement, with standard market terms and conditions. Our lubricants are sourced, blended, packaged and supplied primarily by our 50% owned joint venture, Shell and Vivo Lubricants (SVL), with specialist products imported from Shell. In addition, for certain countries (namely Botswana, Madagascar, Mauritius and Namibia), we maintain direct lubricants sourcing arrangements with Shell.	STORAGE In contrast to more developed territories, Africa doesn't benefit from large scale specialists able to ensure reliable and efficient storage facilities for fuels and lubricants. As a result, we've established access rights to a network of storage facilities across Africa totalling approximately 966,000 cubic metres. We own over 577,000 cubic metres of this capacity in 37 locations, with access rights to the remaining capacity through joint venture arrangements with third party companies.
KEY RESOURCES AND RELATIONSHIPS MANAGED FOR THE LONG-TERM:	BUILDING CLOSE RELATIONSHIPS More information on pages 22 to 23.	MANAGING HIGH QUALITY ASSETS More information on pages 20 to 21.

We're already a leading retailer of Shell-branded fuels and lubricants in Africa. Following the completion of the Engen transaction on 1 March 2019, our target market has increased by nearly 159 million people to around 36% of the African population. We are Africa's second largest retailer, outside South Africa. Here we show how our business model works and how we create value.

- Carefully selected third parties managed by Vivo Energy
- Compliance with our HSSE policies

- Balance of entrepreneurship and control
- Mix of operating models

DISTRIBUTION

Our distribution takes two forms: primary transportation is the movement of products between depots or from the receiving supply depot, or a lubricant blending plant in the case of lubricants blended by SVL, to other inland depots through a combination of pipeline, rail, water and road transport.

Secondary transportation is the movement of products from a depot to the service station or customer. We rely on chartered trucks and rail cars from third parties to distribute our products to retail service stations and commercial customers. We subcontract transportation services through industry tender processes, while retaining control over the management of the delivery schedules and the checking processes that ensure the quality standards and safety standards are in accordance with our standards. Our in-country teams are responsible for managing third parties involved in transportation and for scheduling deliveries, planning routes and facilitating reliable delivery.

RETAIL

At the end of 2018 our network of 1,900 service stations featured a mix of three operating models (company-owned and dealer-operated; dealer-owned and operated; and company-owned and operated) to harness the benefits of each model. Most of our sites are operated by a dealer, who buys our fuel and operates within our brand and HSSE guidelines.

Our retail offer includes high quality Shell-branded fuels and lubricants as well as convenience retail shops, quick service and fast casual restaurants (which includes cafés and bakeries), and other services including lubricant bays for oil changes, car washes and banking services. Through partnerships, Vivo Energy has brought global brands such as KFC, Burger King and Brioche Dorée to certain African markets.

COMMERCIAL

The Commercial segment comprises an integrated customer offer of fuels, lubricants and related product services to commercial customers in the aviation, marine, mining and other sectors in Africa as well as the Group's liquefied petroleum gas business.

Vivo Energy works in close partnership with many of its commercial customers to provide technical assistance to optimise usage of machinery and consumables to deliver long-term reductions in fuel and maintenance.

LUBRICANTS

The Lubricants segment comprises sales of lubricants through Vivo Energy's retail service stations and other customer channels to commercial customers and distributors in Vivo Energy's countries of operation, as well as export sales to more than ten other African markets. Vivo Energy offers an extensive range of technology-leading lubricants covering sectors including cars, motorbikes, construction, manufacturing, mining, power and road transport.

LOOKING AFTER OUR PEOPLE

More information on page 19.

MANAGING HIGH QUALITY ASSETS

More information on pages 20 to 21.

BUILDING CLOSE RELATIONSHIPS

More information on pages 22 to 23.

RESOURCES AND RELATIONSHIPS

DEVELOPING OUR PEOPLE

At the end of 2018, Vivo Energy employed 2,373 people, based in 19 countries. We do all we can to make sure they are fulfilled and appropriately rewarded.

HOW WE'RE CREATING THE RIGHT CULTURE

Our values of integrity, honesty and respect for people are essential to achieving our vision of becoming Africa's most respected energy company. They sit at the heart of our operating culture of 'Focus, Simplify and Perform'. Since 2011, we've transformed our culture from a process-driven organisation to a decentralised one where individuals are encouraged to make decisions and are rewarded appropriately.

Our people are regularly kept informed about our business through their managers, employee town hall meetings, regular online newsletters, and our Company intranet. When they have ideas, they know that they can put them directly to our senior team – including the CEO and CFO – and get a personal response back, usually within 24 hours.

Reputation is our most important asset and we ensure that this is continuously maintained and built on. We do this by acting with the highest standards of corporate behaviour towards our employees, our customers, those with whom we do business and our shareholders.

Our Code of Conduct and General Business Principles (both available on our website) include information on our approach to respecting human rights and fighting corrupt practices, as also reflected in our Modern Slavery Statement. These policies underpin all the work that we do and are the foundation of our business.

One example of this is the series of Ethics & Compliance training we run for all employees. And we are proud to be one of the first ten companies in the world (and the first operating exclusively in Africa) to achieve the ISO 37001 standard for anti-bribery management systems.

HOW WE DEVELOP AND RETAIN OUR PEOPLE

Training also plays a major role in making sure we have the right people in the right roles at the right time. It ensures we're prepared not only for the immediate future but also for the years that lie ahead. Capability and skills development is always a top priority and 2018 saw us invest $2.8 million in learning and development.

In common with businesses across the globe, attracting and retaining people with the right skills is one of our greatest challenges. Our 'can-do' attitude is a major attraction for the talented, ambitious people we require, as well as one of the main reasons that our latest Employee Engagement Survey returned such positive results. Conducted towards the end of 2018, 89% of employees completed the survey. Its chief findings included 90% of respondees reporting they are proud to work for Vivo Energy and confident that the organisation will succeed in the future. 73% of employees provided a favourable score when asked about leadership and culture, and 87% provided a favourable response to questions regarding purpose and values. Most encouraging was that almost all scores had improved when compared to the last survey, conducted in 2016.

$2.8M

INVESTED IN LEARNING AND DEVELOPMENT IN 2018

HOW WE REWARD OUR TEAMS

Our entrepreneurial culture means remuneration is closely tied to achievement. Variable pay, in the form of annual discretionary bonuses linked to individual and business performance, is a key element of our culture. There are also bespoke incentive schemes for front line sales staff in the Retail, Commercial and Lubricants markets. We also provide a wide range of benefits for many of our people including healthcare, pensions and life insurance. In addition, Long-Term Incentive Plan (LTIP) arrangements apply selectively to senior managers and certain other key members of staff. See page 89 for details of LTIP awards to our Executive Directors.

GENDER DIVERSITY

Vivo Energy strives to ensure balanced gender diversification across all employees in the Company. Our gender split at 31 December 2018 was as follows:

	Female	Male	Total
Board of Directors	2	7	9
Executive Committee	1	7	8
All other employees	588	1,775	2,363

25%

FEMALE EMPLOYEES

LOOKING AFTER OUR PEOPLE

Safety is an absolute priority. We aim to achieve 'Goal Zero', which means no harm to our people, contractors or the environment.

WHAT WE'RE DOING TO KEEP OUR PEOPLE SAFE

Our HSSE performance is benchmarked against the downstream activities of our industry peers, and we consistently score ahead of companies operating both within and outside Africa. A key challenge is to integrate HSSE into every area of our culture and operations, with our main focus areas being:

– Road safety, including providing driver training and rewarding safe driving, as well as incorporating extra safety equipment into vehicles.
– Contractor safety, which extends from requiring contractors to comply with our HSSE policies through to driver and vehicle initiatives.
– Process safety, such as ensuring that safe working practices are followed at all depots, blending plants and other sites where we operate potentially hazardous equipment.
– Security, including traveller and country security monitoring and incorporating security initiatives into the design and operation of our assets.

MOVING TO A PROACTIVE SAFETY CULTURE

We've transformed our approach to HSSE since we were established in 2011 – moving from a reactive culture to one that's comprehensive and proactive. For example, we've focused on the role of potential incident reporting to anticipate events before they happen. This has not only led to an upsurge in the number of potential incidents reported, but also a step change in the way we follow them up in order to prevent incidents occurring in the first place.

Our Severe Motor Vehicle Incident Rate (SMVIR) for 2018 was 0.026 incidents per million kilometres driven, while our Lost Time Injury Frequency (LTIF) was 0.192 incidents per million exposure hours. This was slightly under 2017 performance, but nevertheless remains strong.

However, it is with great sadness that we have to report that we failed to achieve 'Goal Zero' (no harm to people and minimising our impact on the environment) in 2018. One of our Moroccan colleagues, Mustapha Rahimi, died in October following a fire which caused an LPG tank to explode at a customer site. Mustapha had worked for Shell and Vivo Energy for 25 years, and we would like to take this opportunity to again extend our sincere condolences to his family and friends. This was our first fatal incident since an employee was killed in the terrorist attack in Mali in 2015 and is being thoroughly investigated so we learn the appropriate lessons and implement processes to prevent it from happening again.

We are committed to providing equal opportunities for all our employees. No employees became disabled during 2018, however, our policy is to make all efforts to retain, re-train and make adjustments for disabled colleagues.

TOTAL RECORDABLE CASE FREQUENCY per million exposure hours

0.19

2018	**0.19**
2017	0.10
2016	0.31
2015	0.26

RESOURCES AND RELATIONSHIPS CONTINUED

MANAGING HIGH QUALITY ASSETS

Our well-maintained assets range from the bright, efficient service stations that provide high levels of customer convenience, to an extensive fuel storage network and lubricant blending plants that allow us to overcome the broader infrastructure challenges on the continent.

HOW WE MANAGE OUR RETAIL NETWORK

At the end of 2018, our retail network comprised 1,900 service stations across 15 countries, all of which traded under the Shell brand name. This network was responsible for the sale of 5.4 billion litres of fuel and lubricants during a year that saw us open a net total of 88 new service stations. In Africa, service stations are increasingly about the convenience experience. People don't just visit our locations to fill up their vehicles…amongst other reasons they may want their oil or tyres checked, meet friends over a coffee or a burger or use an ATM.

Why? Because our service stations are clean, vibrant, efficient and enormously convenient. And because most people refuel a little and often, they're frequent and loyal visitors. Repeat visits are also encouraged by our fuel payment and loyalty cards. Approximately 78,000 corporate cards and nearly 33,000 consumer cards were active monthly in 2018. And we're currently developing a new app that will bring even greater convenience to customers, and promote greater loyalty.

HOW WE MANAGE OUR DEALER NETWORK

In order to manage our retail network efficiently, we utilise local dealers to operate 92% of our sites to our exacting standards. We use a mix of three operating models across our network depending on the site location and circumstance. The majority of our service stations are company-owned and dealer-operated. However, we also have sites that are dealer-owned and operated and a small number that are company-owned and operated.

- Under the company-owned and dealer-operated model, we own or lease the service station, with the dealer responsible for its operation under an agreement. At the end of 2018, we had 1,082 such sites, representing 57% of all sites.
- With the dealer-owned and operated model, the dealer owns and operates the service station, whilst having a fuel supply agreement with Vivo Energy. At the end of the year, these sites numbered 664, accounting for 35% of our network.
- Under the company-owned and operated model, we own the service station and are also responsible for its operation. At the end of the year, we had 154 such sites, representing 8% of all sites.

We support our dealers to ensure they have a platform to succeed and then will regularly check that they are maintaining the standards that we require. Our average, annual throughput per site was 2.9 million litres during 2018.

SERVICE STATIONS

1,900

SERVICE STATIONS IN 2018[1]

COMPANY-OWNED DEALER-OPERATED	1,082
COMPANY-OWNED AND OPERATED	154
DEALER-OWNED AND OPERATED	664

1 17 service stations formerly classified as dealer-owned and operated transferred to our Commercial business at year end.

HOW WE MANAGE OUR NETWORK OF STORAGE FACILITIES AND PLANTS

We have developed an extensive network of storage facilities to ensure that we can supply our retail and commercial customers. We own 38 depots in around 37 locations, giving us reliable access to over 577,000 cubic metres of directly-owned and managed storage capacity. In addition, through joint venture arrangements, we have further access to approximately 389,000 cubic metres of storage. This network is supplied by a combination of ship, pipeline, truck and rail. In recent years, average depot turns have increased from 7.9 in 2015, 8.2 in 2016 and 9.2 in 2017 to 9.4 in 2018.

Through our 50% ownership of SVL, we have access to and operate two lubricant blending plants in Morocco and Kenya and have interests in blending operations in Tunisia, Côte d'Ivoire, Ghana and Guinea. This gives us access to around 158,000 metric tonnes of blending capacity. Our mining business offers consignment stocks for fuels and/or lubricants to 26 mining customers. In the marine sector, we have bunkering operations in four countries, while the LPG business owns bottling plants in six countries and has interests in joint venture facilities in three countries.

HOW WE MANAGE OUR BRAND

In most of the markets where we operate we do not compete on price because fuel prices are regulated (margins on regular fuels were regulated in 12 of the 15 markets where we operated at the end of 2018). This means we compete on location, customer experience and brand. We spend a material amount on marketing across our operating units to drive growth and protect and enhance our brand which – when coupled with the high levels of customer service, quality fuels, a safe fuelling environment and a quality non-fuel offering – means that we are able to consistently outperform our competitors.

ACCESS TO 6

LUBRICANTS BLENDING PLANTS

STORAGE FACILITIES

ACCESS TO 966,000

CUBIC METRES OF FUEL STORAGE

RESOURCES AND RELATIONSHIPS CONTINUED

BUILDING CLOSE RELATIONSHIPS

We depend on a wide range of key relationships with customers, suppliers, partners, communities and others to help us deliver our growth strategy.

HOW WE BUILD RELATIONSHIPS WITH CUSTOMERS

We work hard to build strong bonds with customers across our Retail, Commercial and Lubricants businesses, supporting our products and delivery capabilities with a range of value-added services, including non-fuel offerings at our service stations.

We work with our commercial customers by addressing key customer issues such as the total cost of ownership of vehicles and machinery. For example, we help mining companies maximise the efficient use of their assets by providing tools such as fuel management systems that provide full transparency around fuel consumption.

HOW WE BUILD RELATIONSHIPS WITH PARTNERS

Our principal partnership is with Shell, with whom we have secured a retail brand licence agreement until December 2031. This gives us exclusive rights to use certain specified Shell brands for our products and services, including our service stations. We work closely with Shell on marketing and new product launches to maximise the benefit of the relationship for all stakeholders. We also have a 50:50 joint venture with Shell, Shell and Vivo Lubricants (SVL). SVL is the exclusive licensee for Shell's lubricant brands in Africa (with the exception of South Africa, Libya and Egypt) with access to six blending plants across Africa, giving us access to the industry's most widely respected lubricants.

We work closely with a number of other partners, including owners of storage facilities, and with contractors who provide trucks and rail cars for transportation. And we continue to maintain excellent relationships with fuel suppliers including Vitol (provider of nearly 30% of our fuel supply in 2018), STIR in Tunisia (12%), SIR in Côte d'Ivoire (7%), CEPSA in Morocco (5%) and Puma Energy in Botswana and Namibia (5%).

$103M

PAID $103 MILLION IN INCOME TAXES TO OUR HOST ECONOMIES IN 2018, PLUS OTHER TAXES INCLUDING PAYROLL, VAT AND DUTIES

SHELL BRAND LICENCE

Shell brand licence agreement until December 2031.

2031

HOW WE BUILD RELATIONSHIPS WITH COMMUNITIES

We aim to be a positive force in the communities close to our operations. These are the towns and villages where our people live and we want to create lasting social and economic benefits for these communities.

During 2018 we invested a total of nearly $1.2 million to support our three focus areas of road safety, education and the environment. In road safety we launched or rolled out several schemes to encourage greater safety. Africa experiences a high number of road traffic accidents – and as a company that relies on trucks and tankers for supply and distribution, we're committed to playing our part to address this.

Initiatives for 2018 included providing training, advice and technology as well as funding for changes to road layouts and signage. In Ghana, we worked with our contractors and the Red Cross to implement a road safety programme at bus terminals in Accra, as well as providing free health screening for almost 300 bus drivers. We're also active in developing a range of educational initiatives, primarily aimed at children and young people. The main aim is to foster academic achievement, entrepreneurship and learning.

In Tunisia, for example, we provided around 350 books to each of 25 primary schools and also launched a story writing competition open to all Tunisian children.

Our commitment to the environment is expressed in two ways. Firstly, by working to develop cleaner energy resources – such as renewables at some of our new or refurbished service stations – as well as products, services, practices and policies that reduce our environmental impact. At the same time, we use our educational initiatives to promote good environmental practices, from energy efficiency to effective waste disposal, in local communities.

In 2018 we worked with a television broadcaster and local authorities to highlight the environmental harm caused by plastic bags in Uganda. As part of this initiative, we banned all single use plastic bags at our service stations in the country.

HOW WE BUILD RELATIONSHIPS WITH GOVERNMENTS

We maintain good relationships with our host governments and primarily engage with them through industry bodies in each of our operating units. Due to our central position within the economy, we are major collectors of tax and duties on behalf of the government through the sale of petroleum products, we create significant direct and indirect employment which generates major economic benefit for countries, and are a significant tax contributor in our own right. In 2018, we paid $103 million in income taxes to our host economies.

COMMUNITY INVESTMENT

$1.2M

INVESTED NEARLY US$1.2 MILLION IN OVER 100 COMMUNITY INVESTMENT PROJECTS IN 2018

RESOURCES AND RELATIONSHIPS CONTINUED

MANAGING OUR ENVIRONMENTAL IMPACT

Our approach to natural resources centres around reducing the amount of energy we use, improving the efficiency of products that we sell, transitioning to renewable energy where it makes sense, and respecting our local environment.

WHAT WE'RE DOING TO REDUCE ENERGY CONSUMPTION

We have a wide range of initiatives in place, including:

- Smarter depots and supply chains, introducing automation to improve efficiencies
- Optimising product deliveries to reduce distance travelled
- Improving the energy efficiency of our service stations through initiatives such as solar power and LED lighting

WHAT WE'RE DOING TO RESPECT OUR LOCAL ENVIRONMENT

To make sure our operations cause the minimum impact on the local environment, we adhere to stringent standards and work only with approved contractors. We also carry out detailed environmental assessments for every new build or refurbishment project, mitigating impacts wherever we can through initiatives such as double skin tanks and utilising sophisticated monitoring technologies to identify and address environmental risks once a site is operational.

We regularly monitor our environmental performance. In 2018 there were two road tanker fuel spills (greater than 100 kg) from our operations, totalling 45.4 tonnes. We have developed emergency response plans to minimise any impact in the unlikely event of a major spill. We oversee the remediation of contaminated sites, as well as facilitating approved used oil collection and disposal practices. Waste is also a major challenge across Africa, and we have stringent process in place at all our sites, ensuring efficient waste collection, segregation and disposal.

WHAT WE'RE DOING TO REDUCE THE IMPACT OF OUR PRODUCTS

In most of our markets, the importation of petroleum products is controlled and regulated by the government or national oil company, supported by appropriate product specifications. These balance environmental improvements with affordability. In order to mitigate some of the impact of increased fuel use on the environment, in 2018 we launched new fuel products in several countries that contain Shell's DYNAFLEX Technology, which helps clean and protect key components in vehicle engines, leading to better engine efficiency, reduced fuel consumption and therefore reduced emissions. We also market Shell FuelSave, designed to improve combustion, boosting efficiency and saving fuel. Shell Helix Ultra with PUREPLUS Technology in our lubricants range is made from base oil created from natural gas with virtually none of the impurities found in crude oil.

GREENHOUSE GASES

In 2018 our greenhouse gas data was calculated using the methodology described in the API Compendium of Greenhouse Gas Emission Methodologies for the Oil and Natural Gas Industry – August 2009. During the 2018 financial year our Greenhouse Gas Emissions totalled 102.82 kilotonnes of CO_2 equivalent, across our 15 operating units. This figure includes emissions of CO_2 equivalent for which the Company is responsible including both combustion of fuel and the operation of our facilities, including the purchase of electricity, heat and cooling, as far as it has been possible for us to obtain. Some data has not been available as it relates to sites which are not wholly within the Company's control or it relates to a location where we have not previously been required to report.

ADDING SOLAR AT OUR OPERATIONS

We have added solar to a number of our service stations and facilities and are investigating providing hybrid solar solutions to Commercial customers.

Due to this being our first Strategic Report since Admission, we have not been able to provide a ratio which expresses the Company's annual emissions in relation to a quantifiable factor associated with the Company's business. In addition, as this is our first year reporting, since the Company was incorporated no prior year data is included.

With effect from 1 January 2019 we started using the UK Government Environmental Reporting guidelines, issued by the Department for Environment, Food & Rural Affairs. The UK Government Greenhouse Gas Conversion Factors will be used for our 2019 Annual Report.

MAINTAINING AN EFFECTIVE FINANCIAL STRUCTURE

Through managing our financial structures in an effective yet prudent manner we have set the foundations for our track record of sound financial performance.

HOW WE'RE FUNDED

Since inception in 2012, we have grown our business through investing over $750 million of internally generated cash flow since 2012. This has primarily been funded from strong cash flows from operations, and utilising our structural negative working capital position resulting from the nature of our business. At Group level we run a conservative balance sheet with a leverage ratio of 0.79x in 2018 and have access to $1.7 billion in liquidity.

CAPITAL ALLOCATION

We pursue a disciplined approach to capital allocation which has ensured that each investment for growth adds significant value. Our post investment reviews show that on average we comfortably exceed required returns for the vast majority of our projects.

OPERATING LEVERAGE

Due to our operating model, we don't need to add significant overhead when we increase the size of our retail network which means we have significant operating leverage. Since 2015, we've grown volumes by a CAGR of 5%, gross cash profit by 13%, Adjusted EBITDA by 19% and Adjusted Net Income by 34%.

AN INITIAL CREDIT RATING OF BB+

Following the IPO, we sought an initial rating and, following detailed conversations, we were awarded a BB+ rating by Standard & Poor's. While we believe that we can and will improve on this, we also believe it reflects well on our financial and Pan-African structure.

INVESTED OVER

$750M

TO GROW SINCE 2012

2018 LEVERAGE RATIO[1]

0.79x

1 Non-GAAP measures are explained on pages 47 to 48.

AN INITIAL CREDIT RATING OF BB+

BB+

MARKET OVERVIEW

GROWTH DRIVERS

Vivo Energy is a high growth business operating in a high growth environment. Whether you measure it by GDP, population, urbanisation, income or social class, Africa is one of the world's fastest growing regions.

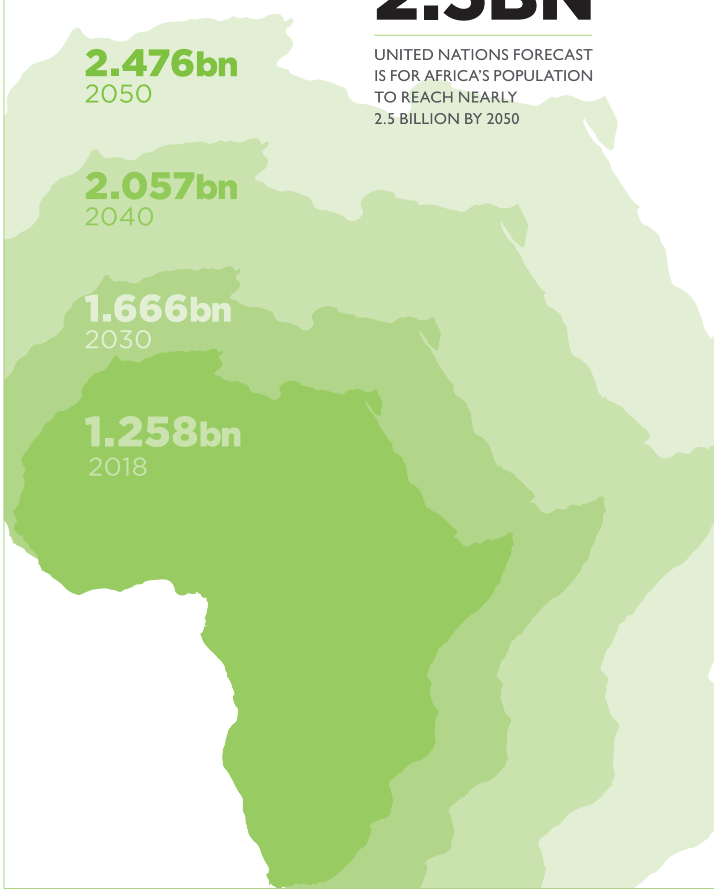
1 THE POPULATION OF AFRICA IS GROWING

The number of people in Africa is increasing faster than on any other continent. The UN forecasts by 2050 there will be 1.2 billion more people in Africa – with this increase representing 57% of the projected global population growth. Looking beyond 2050, the UN expects Africa to be the only major region in the world where population will continue to experience significant growth.

At the end of 2018 our footprint in 15 African countries gave us an addressable market of approximately 299 million consumers. This has increased by almost 159 million people since the Engen transaction completed in March, bringing a further eight new countries into our portfolio.

2.5BN

UNITED NATIONS FORECAST IS FOR AFRICA'S POPULATION TO REACH NEARLY 2.5 BILLION BY 2050

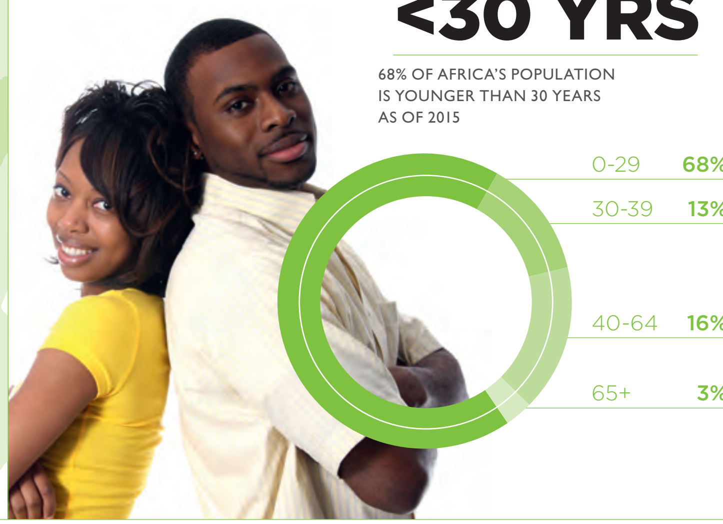


2 DEMOGRAPHICS ARE SHIFTING

The population of Africa is young. According to the UN (2015 figures), 68% of Africans are below 30, compared to 34% in developed regions. The median age in Africa is 19, compared to 30 in Asia and 38 in the United States. Young people create greater demand for vehicles and fuel, as well as for convenience food and retail offers.

<30 YRS

68% OF AFRICA'S POPULATION IS YOUNGER THAN 30 YEARS AS OF 2015



3

URBANISATION IS RAPID

Africa is one of the most rapidly urbanising regions in the world. Between 2015 and 2050, the UN expects the percentage of Africans living in cities to increase from 40% to 56%. This represents an additional urban population of 867 million, equivalent to a CAGR of 3% over the period. Greater urbanisation goes hand in hand with an expansion of the middle class – which Deloitte expects to rise from 376 million people in 2013 to 582 million by 2030 – and both these trends are expected to lead to an increase in household consumption.

+867M

POPULATION LIVING IN CITIES IS FORECAST TO INCREASE FROM 40% IN 2015 TO 56% IN 2050, REPRESENTING 867 MILLION MORE PEOPLE

4

GDP GROWTH IS STRONG, ESPECIALLY IN THE COUNTRIES WHERE WE OPERATE

According to the IMF, real GDP in Africa will grow at a projected average rate of 3.9% from 2018 to 2023. For the countries where Vivo Energy and Engen currently operate, that figure rises to 5.1%[1], making these markets the second fastest growing region in the world after Asia Pacific (average growth rate of 5.3%), outpacing the Middle East (average growth rate 2.2%), South America (average growth rate 2.1%), North America (average growth rate 2%) and Europe (average growth rate 1.9%).

1 Excludes Reunion.

PROJECTED AVERAGE GDP GROWTH RATE (2018 to 2023)

	%
Asia Pacific	5.3
Vivo Energy Markets	**5.1**
Africa	3.9
Middle East	2.2
South America	2.1
North America	2.0
Europe	1.9

5

VEHICLE NUMBERS ARE GROWING FAST

Urbanisation and an expanding middle class are driving rapid growth in vehicle ownership. In 2015, Africa had an average of 66 vehicles per thousand people (compared to 560 in Europe and 817 in the United States). The potential for our business is significant – research firm BMI Research estimates that the number of vehicles in Africa will increase at a CAGR of 7.4% from 2016 to 2021 (2.1% in Europe and 1.3% in the United States).

WHAT DOES THIS MEAN FOR VIVO ENERGY?

Despite volatility in the price of oil – which ranged from $140 to $30 per barrel between 2008 and 2018 – fuel sales in Africa grew steadily from 2008 to 2018.

This robust demand is led by a combination of the factors outlined on these pages, specifically: population and GDP growth, an increase in vehicles – both new and imported second hand – and a rising middle class.

BMI Research expects fuel demand to rise faster in Africa than in any other region. CITAC forecasts demand in the 15 countries where we operated in 2018 to increase by an average CAGR of 3.1% from 2016 to 2021 – and in our new Engen countries by an average CAGR of 2.3%.

Looking ahead, McKinsey Energy Insights predicts that primary energy demand in Africa will roughly double from 2016 to 2050, rising from 34 million TJ in 2016 to 65 million TJ in 2050.

STRATEGIC OBJECTIVES

OUR STRATEGY

Our strategy has provided a platform for consistent growth. Performance-focused, responsible and proven, it will continue to anchor our business in the years to come.

5 WE HAVE FIVE KEY STRATEGIC OBJECTIVES:

1 To remain a responsible and respected business in the communities in which we operate;

2 To preserve our lean organisational structure and performance-driven culture;

3 To maximise the value of our existing assets;

4 To pursue value-accretive growth; and

5 To maintain attractive and sustainable returns through disciplined financial management.

1

REMAIN A RESPONSIBLE AND RESPECTED BUSINESS IN THE COMMUNITIES IN WHICH WE OPERATE

Our vision is to become Africa's most respected energy business. That means always doing the right thing by our people, our customers, our shareholders, and our neighbours in local communities.

Our commitment to safety is non-negotiable and applies to all our people, at all times. While never complacent, we're nevertheless proud of our HSSE record and work very hard to maintain it day by day – in our opinion this is the only way to firstly earn and then retain the respect of all stakeholders.

We want to make a real and lasting difference to the communities in which we operate. So not only do we work to the highest ethical standards, but we also provide valuable employment which helps to sustain local economies – and we create and deliver a wide range of community investment programmes focused on road safety, education and the environment.

That's on top of the over $103 million we paid in income taxes in the countries where we operated during 2018, plus other taxes including payroll, VAT and duties – money that helps local governments and authorities improve the lives of their populations.

WHAT WE DID DURING THE YEAR

– Achieved another strong HSSE performance in 2018, ahead of industry benchmarks and ahead of nearly all performance targets for the year:
  - Total recordable case frequency (TRCF): 0.192
  - Long-term injury frequency (LTIF): 0.192
– Supported local communities by investing a total of nearly $1.2 million in over 100 road safety, education and environment projects.
– Established a robust governance structure and created a UK Corporate Governance Code Compliant Board. More information on page 68.

TWEDDEKO – ROAD SAFETY CAMPAIGN

Partnering with the national TV in Uganda to address the high road accident rates.

In Uganda we developed a campaign to address the high road accident rates. Partnering with the national TV station we created a series of powerful testimonies by accident victims and pledges by road users to inspire behavioural change, broadcast daily during news reports.

Our campaign included organising a road safety caravan in December and partnering with the government to run a road safety summit.

60

OVER 60 ROAD SAFETY TESTIMONIAL FILMS AIRED ON NATIONAL TV

2

PRESERVE OUR LEAN ORGANISATIONAL STRUCTURE AND PERFORMANCE-DRIVEN CULTURE

Since we were established in 2011, we've transformed the way we work. Our 'Focus, Simplify, Perform' operating culture enables fast decision-making, encourages agility and is central to our competitive position. While our in-country teams have a high degree of autonomy, they're also subject to comprehensive operational and governance guidelines and controls laid down by our experienced, responsive executive management.

WHAT WE DID DURING THE YEAR

- Maintained our flat, customer-centric organisation supported by lean central functions.
- Continued to incentivise our employees by linking compensation to individual, country and Group performance metrics, including HSSE performance.

STRATEGIC OBJECTIVES CONTINUED

3

MAXIMISE THE VALUE OF OUR EXISTING ASSETS

We aim to make our existing assets work harder – generating new revenue streams, improving the customer experience and seizing cross-selling opportunities.

We'll do this by continuing to implement new and more efficient ways of working, driving like-for-like sales growth, and offering our customers differentiated, recognised and innovative fuel and non-fuel products and services. These include the trusted and recognised Shell brand and also, following completion of the Engen transaction in March 2019, Engen products and services. This approach is underpinned by our broad geographic footprint and our established infrastructure, including our high quality, well-located retail network. Our ownership and control of fuel storage facilities allows us to manage costs, guarantee supply, promote good HSSE practices and ensure product quality – all of which play important roles for our Commercial and Lubricants businesses as well as for Retail.

WHAT WE DID DURING THE YEAR

– Capitalised on the power of our premium fuel and lubricant brands, including launching new Shell fuel products in three markets. These new Shell fuels contain DYNAFLEX technology that helps keep engines clean and protected for efficient running.
– Continued to optimise our asset base and cost structure.
– Invested in technology, logistics and supply chain infrastructure to enhance our integrated distribution model:
  - Launched SAP S/4 HANA Enterprise Resource Planning system in two markets in September 2018, with other countries to follow in 2019.
  - Piloted and launched a site automation programme to increase efficiency and stock management.

LAUNCHING AND PROMOTING PREMIUM FUELS TO OUR CUSTOMERS

We launched the latest generation premium fuel formulations for Shell V-Power unleaded and diesel fuels.

With a clear go to market strategy, comprising launch events, advertising, radio, and digital campaigns, plus on-site activations, these new formulations – enriched with cleaning agents to help clean and protect engines – have been welcomed and well received in our markets.

3

DYNAFLEX TECHNOLOGY FUELS LAUNCHED IN THREE COUNTRIES

4

PURSUE VALUE-ACCRETIVE GROWTH

In addition to maximising our existing assets, we expanded our portfolio by building new service stations, acquiring third party sites and upgraded existing locations to embrace new offers which give customers more reasons to visit. These include quick service restaurants, convenience stores, dry cleaning and pharmacies – in many cases through partnerships with well-established global and regional brands.

WHAT WE DID DURING THE YEAR

- Expanded the Retail footprint to serve more customers, adding a net total of 88 sites.
- Extended our Non-fuel retail offer by rolling out 119 new convenience retail outlets and quick service restaurants.
- Used innovation and cross-selling to grow our volumes.
- Exploited the macro trends in Africa which are driving demand for our Commercial and Lubricants businesses.
- Reached an unconditional agreement to acquire the Engen business in nine markets, adding 230 Engen-branded service stations, and bringing eight new countries into our portfolio, which completed on 1 March 2019.

INTRODUCING KFC TO CÔTE D'IVOIRE

Expanding our Non-fuel retail offer with a joint venture to operate the KFC franchise.

Following the successful formation of a joint venture company to operate the KFC franchise in Botswana in 2017 we formed a further joint venture company and became the exclusive licensee of KFC in Côte d'Ivoire.

We opened the first KFC in Côte d'Ivoire at a Shell service station, expanding our Non-fuel retail offer and introducing choice and convenience to consumers looking to eat out or 'on the go'.

119

CONVENIENCE RETAIL OUTLETS AND QUICK SERVICE RESTAURANTS ADDED IN 2018

5

MAINTAIN ATTRACTIVE AND SUSTAINABLE RETURNS THROUGH DISCIPLINED FINANCIAL MANAGEMENT

We're proud of our financial and operational track record of volume and EBITDA growth, cash generation and disciplined capital expenditure. These achievements are underpinned by a robust financial controls framework and a comprehensive internal audit process, with strict credit and currency exposure management.

WHAT WE DID DURING THE YEAR

- Sustained our track record of volume and earnings growth, cash generation and shareholder returns.
- Maximised ROACE through disciplined capital allocation and country scorecards which incentivise local management.
- Maintained our sustainable capital structure and leverage.
- Effectively managed credit risk across the business.

KEY PERFORMANCE INDICATORS

OUR KPIs

These KPIs show our performance for 2018 alongside those achieved during the previous three years, together with a brief explanation of the key drivers. In line with best practice, we've chosen to use both Financial, Growth and HSSE KPIs in order to provide a rounded view of our performance.

LINKED TO STRATEGIC OBJECTIVE:

1 2 3 4 5

Non-GAAP measures are explained and reconciled on pages 47 to 48.

FINANCIAL KPIs

GROSS CASH UNIT MARGIN US$/'000 litres

2018	**73**
2017	74
2016	69
2015	59

DEFINITION

Gross cash profit per 1,000 litres of sales volume.

PERFORMANCE DRIVERS

- Pricing structure in regulated markets ensure stable margins
- Competitive pricing strategies in deregulated markets
- Foreign currency exposure risk management to ensure US dollar margins are protected
- Optimised supply chain and efficient operations
- Increased penetration of differentiated fuels

3 4 5

ADJUSTED EBITDA US$'000

2018	**400,208**
2017	376,128
2016	302,191
2015	240,348

DEFINITION

Earnings before interest, tax, depreciation and amortisation adjusted for impact of special items.

PERFORMANCE DRIVERS

- Volume and gross cash unit margin performance
- Optimised cost structure and cost management
- Share of profit from investments in joint ventures and associates

2 3 4 5

NET INCOME US$'000

2018	**146,059**
2017	129,653
2016	98,714
2015	68,743

DEFINITION

Net income in accordance with IFRS/GAAP.

PERFORMANCE DRIVERS

- Increasing EBITDA performance
- Effective tax rate management
- Optimised capital and finance structure

2 3 4 5

ADJUSTED FREE CASH FLOW[1] US$'000

2018	**149,081**
2017	137,874
2016	162,178
2015	-31,201

DEFINITION

Cash flow from operating activities less net additions to property, plant and equipment (PP&E) and intangible assets and excluding the impact of special items.

PERFORMANCE DRIVERS

- High conversion from EBITDA to free cash flow
- Structurally negative working capital

3 4 5

1 Prior year comparatives were reclassified where necessary.

GROWTH KPIs

TOTAL RETAIL SERVICE STATIONS

2018	**1,900**
2017	1,829
2016	1,726
2015	1,628

DEFINITION
Total number of revenue generating retail service stations.

PERFORMANCE DRIVERS
- Self-funding CAPEX through operating cash flow
- Significant white space opportunity
- Securing land leases and strategically located sites

3 4 5

ROLL-OUT OF NON-FUEL RETAIL OUTLETS

2018	**119**
2017	109
2016	149
2015	166

DEFINITION
The number of new Non-fuel retail outlets opened during the year.

PERFORMANCE DRIVERS
- Under penetrated and fast growing market
- Halo effect from existing brand reputation
- Broad set of partnerships with international and local food brands

3 4 5

VOLUME million litres

2018	**9,351**
2017	9,026
2016	8,389
2015	7,990

DEFINITION
Total product volumes sold during the year.

PERFORMANCE DRIVERS
- Sales and promotion activities
- Loyalty card system
- New and existing contracts with commercial customers and cross-selling

3 4 5

ROACE[1] %

2018	**23**
2017	25
2016	20
2015	15

DEFINITION
Adjusted EBIT after tax divided by average capital employed. Average capital employed is the average of opening and closing net assets plus borrowings and lease liabilities, less cash and cash equivalents.

PERFORMANCE DRIVERS
- Disciplined capital allocation with rigorous return requirements
- Incentivise performance: employee compensation linked to ROACE

2 3 4 5

1 2017 and 2018 include the impact of the SVL acquisition.

HSSE KPIs

TOTAL RECORDABLE CASE FREQUENCY (TRCF)

2018	**0.19**
2017	0.10
2016	0.31
2015	0.26

DEFINITION
Total Recordable Case Frequency (TRCF) per million exposure hours.

PERFORMANCE DRIVERS
- Using potential incident reporting to prevent incidents from happening
- Four HSSE focus areas: road transport safety; contractor safety; process safety and security

1

SPILLS

2018	**2**
2017	4
2016	3
2015	4

DEFINITION
Number of product spills greater than 100kg.

PERFORMANCE DRIVERS
- Ensuring that safe working practices are followed: stringent contractor safety requirements; driver training and monitoring

1

SEGMENT REVIEW

RETAIL

ENHANCING THE CONVENIENCE EXPERIENCE

We are one of Africa's largest retailers and in the last 12 months have seen our Retail business continue to attract consumers across Africa. Our Shell-branded service stations provide a safe, trustworthy and convenient experience for consumers.

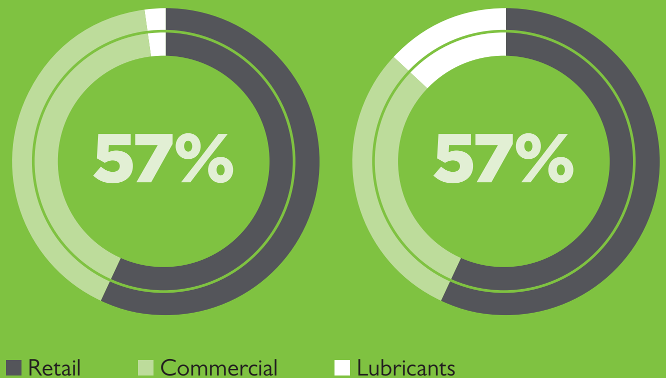
2018 HIGHLIGHTS

- Increased our network by adding a net total of 88 new Shell-branded service stations
- In 2018 we added 119 new Non-fuel retail outlets including convenience retail and quick service restaurants
- Volumes increased by 3% to 5.4 billion litres
- Gross profit (including Non-fuel retail) decreased 1% to $393 million
- Gross cash unit margin (excluding Non-fuel retail) fell by 4% to $75 per thousand litres, due primarily to market conditions in Morocco
- Adjusted EBITDA of $227 million was in line with 2017

RETAIL BUSINESS CONTRIBUTION TO GROUP

5,354
VOLUME million litres

$227 million
ADJUSTED EBITDA



$403 million

RETAIL FUEL GROSS CASH PROFIT

$25 million

NON-FUEL RETAIL GROSS CASH PROFIT

OVERVIEW

Retail is the engine that powers the Group's track record for delivering both organic and inorganic growth. In fact we're the second largest retailer in Africa outside South Africa, in terms of site numbers. Every day of 2018, some 800,000 retail customers relied on Vivo Energy to help them run their vehicles and live their lives. We focus on opening new service stations, maximising the value generated by our existing sites, giving more people more reasons to visit our service stations.

2018 REVIEW

The Retail segment reported adjusted EBITDA of $227 million in 2018, representing 57% of the Group's adjusted EBITDA. Volumes grew by 3% and gross profit and adjusted EBITDA were in line with 2017.

RETAIL FUEL

In 2018 we sold a record of 5,354 million litres of fuel to our retail customers. Year-on-year volume growth of 3% was fuelled by our ability to develop our network and by focusing on our strategic and operational excellence initiatives. In 2018, we maintained the leading or number two market share position in 14 of our 15 markets.

During the last year, we added a net total of 88 new sites to our network of Shell-branded service stations, exceeding our target of opening 80 sites per year. Volume from new sites represented 2% (2017: 2%), of year-on-year volume growth.

Existing portfolio growth was lower than in 2017 at 1% (2017: 5%) primarily as a result of external short-term supply constraints in the third quarter and sites that were either closed or transferred to the Commercial segment due to changes in supply agreements. 2017 also benefited from a higher number of 'prior year' service station openings than 2018. Average throughput per site was in line with the previous year thanks to our targeted consumer-focused approach to marketing and increased penetration of differentiated fuel product offerings in our markets.

Gross cash unit margin for Retail fuel was lower at $75 per thousand litres ($78 per thousand litres in 2017). The market conditions in Morocco in the second half of the year were the primary reason for lower unit margins in 2018. The EBITDA contribution of the Moroccan retail segment was lower in 2018 than 2017, and we expect this to fall further in 2019, primarily as a result of the contribution of the new Engen markets.

NON-FUEL RETAIL

Gross cash profit from our Non-fuel retail business rose by 15% year-on-year to $25 million. This increase is attributable to our continued efforts to increase outlet penetration in our network. This has allowed us to further leverage our service stations to take advantage of the Non-fuel retail opportunity in our markets which in turn drives fuel volumes through the 'halo effect'.

During 2018, we continued to roll out our strategy of bringing more major food brands to our service stations, opening 80 convenience retail shops and 39 new quick service and fast casual restaurants.

Quick service restaurants are magnets for customers – increasing footfall and improving sales across all the services we offer, while also generating significant revenue in their own right. In 2018 we opened the first KFC in the Côte d'Ivoire and in Botswana we now have 12 KFC stores through a joint venture with a local partner.

LOOKING FORWARD

The Engen transaction will extend our footprint into eight new countries while also improving our network coverage in Kenya. We'll use our tried-and-tested template to replicate our success in these new territories, transforming the way the service stations operate and generating greater value.

In addition, we'll continue to explore new opportunities to grow the business. For example, during 2019 we expect to launch a new app which will offer innovative features including a transactional capability – bringing new levels of convenience to consumers and driving greater loyalty.

We'll also continue to focus on sustainability issues, improving our environmental performance by incorporating solar power at many new or refurbished sites, wherever it's practical, as well as more efficient lighting and refrigeration. And we'll never take our eyes off the importance of health and safety to all our people, contractors, partners and consumers. Our HSSE performance was strong throughout 2018 and the Retail team is committed to maintaining this in 2019 and beyond.

PERFORMANCE

US$'000, unless otherwise indicated	2018	2017	+/– %
Volumes (million litres)	**5,354**	5,196	**+3%**
Gross profit (including Non-fuel retail)	**392,934**	396,397	**–1%**
Gross cash unit margin (excluding Non-fuel retail) ($/'000 litres)	**75**	78	**–4%**
Retail fuel gross cash profit	**402,939**	407,666	**–1%**
Non-fuel retail gross cash profit	**25,020**	21,768	**+15%**
Adjusted EBITDA	**226,977**	227,026	**0%**

SEGMENT REVIEW

COMMERCIAL

BUILDING RELATIONSHIPS BY ADDING VALUE

2018 was an excellent year for our Commercial segment, as our ability to build and maintain long-term relationships with over 5,000 customers in fast-moving economies enabled us to grow volumes and increase margins.

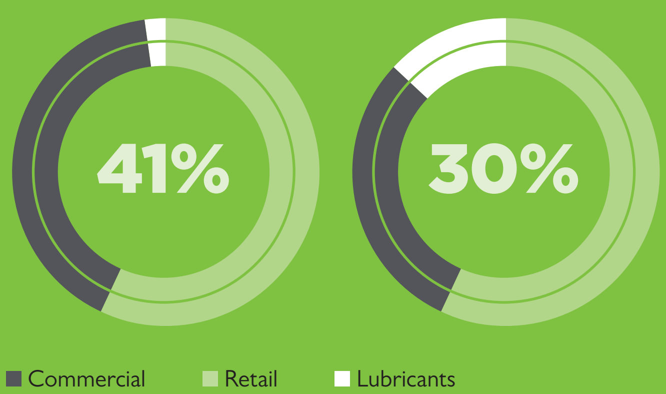
2018 HIGHLIGHTS

- Volumes increased by 4% driven by strong Aviation and Marine performance
- Gross cash unit margin increased by 7% to $47 per thousand litres
- Gross profit increased 13% to $163 million
- Adjusted EBITDA of $122 million increased by 14% year-on-year

COMMERCIAL BUSINESS CONTRIBUTION TO GROUP

3,863
VOLUME million litres

$122 million
ADJUSTED EBITDA



$150 million

CORE COMMERCIAL GROSS CASH PROFIT

$31 million

AVIATION AND MARINE GROSS CASH PROFIT

OVERVIEW

Our Commercial business is founded on a proven customer value proposition. We not only ensure a reliable supply of high quality fuels to a wide range of customers operating in high-growth sectors – we also support those products with extensive services.

In terms of geographies, we worked with miners in ten different countries, with marine customers in seven countries and supplied aviation fuel at 24 airports in eight countries. We also enabled consumers in eight countries to heat their homes, run their businesses and cook with LPG. Our LPG business relies on an effective multi-channel distribution network to supply butane and propane direct to consumers, predominantly for cooking and heating. We continue to build market share – for example, in Côte d'Ivoire we achieved double digit growth in 2018, and from a standing start in 2015, we now hold almost a 10% share of the market.

2018 REVIEW

Strong performance in Aviation, Marine and LPG secured a 4% year-on-year volume growth for the Commercial segment. Gross profit rose by 13% to $163 million, and gross cash unit margin was higher at $47 per thousand litres, an increase of 7% over the previous year. Commercial adjusted EBITDA of $122 million, accounted for 30% of Group adjusted EBITDA for the year.

CORE COMMERCIAL

We sell LPG and bulk fuel to customers in industries such as mining, construction and power, and also provide LPG to consumers. Core commercial accounted for 73% of total Commercial volumes (2017: 76%) and 83% of total Commercial gross cash profit (2017: 85%).

Gross cash unit margin rose by 9% to $53 per thousand litres, on the back of our ability to develop customer value propositions and target profitable growth in high margin sectors. In LPG, margins were higher due to profitable bulk sales to customers in the manufacturing industry. Continued cost savings through transportation optimisation initiatives and operational excellence also benefited gross cash unit margins.

Gross cash profit climbed by 9% to $150 million, thanks to the increased margin and a 1% increase in volumes year-on-year. Commercial fuel volumes were impacted by lower fuel demand in the power sector and delays in government contracts in some countries. The negative impacts were offset by an increase in demand for mining fuel driven by increased exploration activities. LPG volumes benefited from the continued development of our distribution networks and improved point of sale coverage.

AVIATION AND MARINE

We delivered a strong contribution from this segment in 2018. Aviation and Marine accounted for 27% of total Commercial volumes (2017: 24%) and 17% of total Commercial gross cash profit (2017: 15%). Volumes grew by 16% year-on-year while gross cash profit jumped 28% to $31 million for the year ended 31 December 2018. Gross cash unit margin increased to $30 per thousand litres from $27 per thousand litres in 2017.

High margin spot sales, increasing crude oil prices and favourable sourcing of aviation fuel helped drive higher gross cash unit margins.

In Marine, volumes rose amid higher demand on shipping routes where our marine bunkering operations are located. Our continuing efforts to secure opportunistic spot sales at favourable pricing had a positive impact on both margins and volumes.

LOOKING FORWARD

Completing the Engen transaction in March 2019 will open up a series of new opportunities for our Commercial business, notably in several major mining countries which are not at present addressed by Engen. We look forward to exploiting our proven approach and creating strong, long-term relationships in these countries, based on performance and respect.

At the same time, we'll continue to focus on our existing portfolio – getting closer to customers in order to better understand their needs and then tailoring our solutions to match. For example, although we're an energy provider we aren't restricted to supplying fuels. Renewables, such as solar, can offer certain advantages to customers working in remote areas. And we're going to draw on our well-established relationships to explore how our skills and contacts can help customers benefit from new sources of energy.

Our HSSE performance will again play an important role in winning and retaining business, particularly with larger customers. We value the health and safety of our employees and contractors and we will continue to want to work alongside companies with the same high standards and uncompromising approach.

PERFORMANCE

US$'000, unless otherwise indicated	2018	2017	+/– %
Volumes (million litres)	**3,863**	3,701	**+4%**
Gross profit	**163,256**	144,630	**+13%**
Gross cash unit margin ($/'000 litres)	**47**	44	**+7%**
Gross cash profit	**181,249**	161,601	**+12%**
Adjusted EBITDA	**122,205**	106,978	**+14%**

SEGMENT REVIEW

LUBRICANTS

EXPLOITING THE POWER OF A WORLD-LEADING BRAND

During 2018, our Lubricants business harnessed an entrepreneurial sales culture towards our high performance Shell-branded products, in order to increase volumes among consumer and commercial customers.

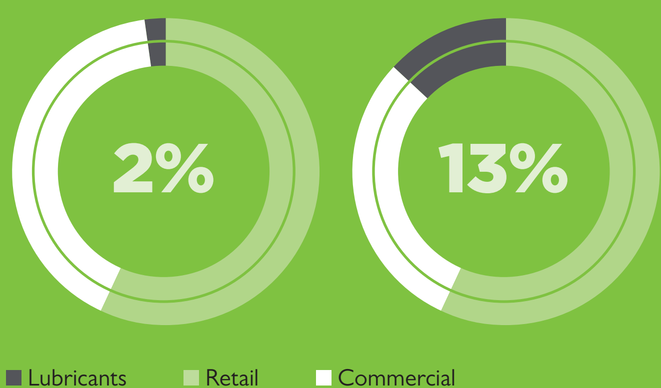
2018 HIGHLIGHTS

- Volumes increased by 4% year-on-year
- Gross cash unit margin was $525 per thousand litres, down by 10% primarily due to additional production costs that we were unable to recover through pricing
- Gross profit decreased by 6% to $68 million
- Adjusted EBITDA was $51 million, up 21% primarily due to our first full year share of profit contribution from SVL

LUBRICANTS BUSINESS CONTRIBUTION TO GROUP

134 million litres
VOLUME

$51 million
ADJUSTED EBITDA



$42 million

RETAIL LUBRICANTS GROSS CASH PROFIT

$28 million

COMMERCIAL LUBRICANTS GROSS CASH PROFIT

OVERVIEW

In the majority of countries where we operate, our Lubricants business is the market leader or number two player, based on 2017 data.

Our Lubricants segment is made up of retail and commercial lubricants sales of distributed products from SVL, our 50% owned blending business. SVL owns and operates two blending plants and has interests in a further four joint venture facilities. Profit from SVL is included in the segment EBITDA, but other metrics such as volumes and gross cash profit are from our distribution and marketing activities.

Over the last 12 months our effective marketing campaigns encouraged customers to access our Shell-branded products in new ways. Active promotion and entrepreneurial spirit are absolutely crucial to forecourt sales – for example, during 2018 we continued to roll out and expand a programme that puts trained oil specialists beside the pumps at the forecourts and in dedicated lube bays at key service stations. Directly incentivised to encourage motorists to choose Shell-branded lubricants, these professionals offer oil checks and top-ups.

2018 REVIEW

Volumes in this segment rose 4% year-on-year, however gross cash profit was down by 6%, primarily due to higher base oil prices in 2018.

As the base oil price increases, there is a lag before we are able to pass on increases to customers as a result of pricing commercial contractual terms and holding inventories required for the manufacture of lubricants through our SVL joint venture.

Adjusted EBITDA grew 21% to $51 million, mainly attributable to our SVL joint venture that ensures a partnership across the value chain. Lubricants accounted for 13% of the Group's adjusted EBITDA.

RETAIL LUBRICANTS

This part of our business sells lubricants to retail customers and consumers. During the year, Retail lubricants accounted for 61% of total Lubricants volumes (2017: 61%) and 60% of total Lubricants gross cash profit (2017: 62%). Volumes increased 5% in 2018, although lower than anticipated efficiencies at some of our distributors meant that we marginally missed achieving our full growth potential. Unit margins decreased to $513 from $592 per thousand litres in the previous year, mainly as a result of an increase in base oil prices. Our response to the increased cost of base oil was to introduce active price management in line with our pricing strategy and marketing initiatives focused on selling an optimised sales mix of premium products that ensure higher margins.

COMMERCIAL LUBRICANTS

The Commercial lubricants segment comprises sales to commercial customers as well as export sales to more than ten countries outside our portfolio. Commercial lubricants accounted for 39% of total Lubricants volumes (2017: 39%) and 40% of total Lubricants gross cash profit (2017: 38%).

Despite major construction, power and mining projects that were either postponed, delayed or cancelled, activity increased towards the end of the year and this led to volumes rising by 3%. Unit margins were $544 per thousand litres in 2018, down by 4% over the previous year. As was the case for Retail lubricants, this was primarily due to the increase in base oil prices from 2017 to 2018.

LOOKING FORWARD

The Engen transaction will provide an exciting growth platform for the Lubricants business, by enabling us to take our direct selling template into countries where we currently rely on third party distributors and partners. With direct access to new markets such as Tanzania and Zambia, we'll replicate how we work in our existing Vivo Energy portfolio – taking greater control of sales channels, and promoting lubricants direct to customers in order to win additional market share and achieve volume growth.

At the same time, the coming months will be characterised by our relentless focus on active price management to mitigate the impact of higher base oil prices, and on optimising the sales mix of different grades of lubricants that we offer.

PERFORMANCE

US$'000, unless otherwise indicated	2018	2017	+/– %
Volumes (million litres)	134	129	+4%
Gross profit	68,197	72,894	–6%
Revenue	363,732	339,555	+7%
Gross cash unit margin ($/'000 litres)	525	581	–10%
Gross cash profit	70,420	74,991	–6%
Adjusted EBITDA	51,026	42,124	+21%

FINANCIAL REVIEW

CONTINUING OUR GROWTH TRAJECTORY

2018 has been a busy but extremely rewarding year, as our decentralised, performance-driven model continued to demonstrate its enduring value by again achieving strong results.

CHIEF FINANCIAL OFFICER'S STATEMENT

JOHAN DEPRAETERE

In the seven years since the formation of Vivo Energy, we've accomplished something extraordinary – building a track record of opening close to 100 new service stations each year, enhancing and improving performance at existing sites, and constantly raising the bar, year after year after year.

The last 12 months have been no different, as we achieved another strong financial performance while at the same time putting down solid foundations for the future. For example, we delivered a highly successful IPO and negotiated a complex transaction to buy significant parts of the Engen business. We also completed joint venture investments to open KFC restaurants in Botswana and Côte d'Ivoire and took important first steps in implementing a new ERP system. By providing us with vastly improved business intelligence, the system will enable us to respond to market conditions faster and with greater agility.

This is the latest in a long line of initiatives that are transforming our finance function through investment in people, processes, systems and 'first time' quality.

FINANCIAL HIGHLIGHTS

- Volumes up 4% year-on-year, with strong Commercial volume growth being recorded.
- Gross profit up 2% year-on-year, with higher volumes more than offsetting lower margins.
- Total gross cash unit margin of $73 per thousand litres, compared to $74 in 2017.
- EBIT increased 14% to $276 million for 2018.
- Adjusted EBITDA, before the impact of special items, was $400 million, 6% higher year-on-year.
- Net income was $146 million, up 13% year-on-year.
- Adjusted diluted EPS of 14 cents per share for the 2018 year.
- Adjusted free cash flow amounted to $149 million.
- Strong balance sheet with net debt/adjusted EBITDA ratio of 0.79x at 31 December 2018.
- Proposed final dividend of 1.3 dollar cents per share, bringing the full year dividend to 1.9 dollar cents per share, resulting into a total dividend of $24 million for the post-IPO period in 2018.

Our commitment to continuous improvements will stand us in good stead for the year ahead and I'm confident that we'll again achieve very good progress.

JOHAN DEPRAETERE
CHIEF FINANCIAL OFFICER

CONSOLIDATED RESULTS OF OPERATIONS

SUMMARY INCOME STATEMENT

US$'000	2018	2017	Change
Revenues	7,549,318	6,693,515	+13%
Cost of sales	(6,924,931)	(6,079,594)	+14%
Gross profit	**624,387**	**613,921**	**+2%**
Selling and marketing cost	(196,573)	(193,599)	+2%
General and administrative cost	(183,343)	(197,436)	–7%
Share of profit of joint ventures and associates	28,270	16,342	+73%
Other income/(expense)	2,769	2,686	+3%
EBIT	**275,510**	**241,914**	**+14%**
Finance expense – net	(46,108)	(31,137)	+48%
EBT	**229,402**	**210,777**	**+9%**
Income taxes	(83,343)	(81,124)	+3%
Net income	**146,059**	**129,653**	**+13%**

NON-GAAP MEASURES

US$'000, unless otherwise indicated	2018	2017	Change
Volumes (million litres)	9,351	9,026	+4%
Gross cash profit	679,628	666,026	+2%
EBITDA	365,955	326,092	+12%
Adjusted EBITDA	400,208	376,128	+6%
ETR (%)	36%	38%	n/a
Adjusted net income	177,712	170,592	+4%
Adjusted diluted EPS (US$)[1]	0.14	70.24	n/a

Non-GAAP measures are explained and reconciled on pages 47 to 48.

1 Refer to general information (note 1) in the consolidated financial statements. Weighted average number of ordinary shares and diluted number of shares for the year ended 31 December 2018 relate to Vivo Energy plc and for the year ended 31 December 2017 relate to Vivo Energy Holding B.V.

FINANCIAL REVIEW CONTINUED

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

VOLUMES

In 2018 total volumes sold were 9,351 million litres, up 4% year-on-year. Retail fuel, our largest segment, accounted for 57% of total volumes and increased by 3% year-on-year despite short-term external supply constraints that impacted sales in the third quarter. Our Commercial segment had a strong year, with volumes higher by 4% year-on-year, driven by new Aviation contracts and successful Marine tenders and spot sales. Commercial volumes represented 41% of total volumes. Lubricants volumes accounted for 2% of total volumes and grew by 4% year-on-year.

REVENUE

Revenue increased by $855 million, or 13% to $7,549 million in the year ended 31 December 2018 from $6,694 million in 2017. Higher revenue was primarily driven by volume growth as well as rising crude oil prices from 2017 to 2018.

COST OF SALES

Cost of sales increased by $845 million, or 14% to $6,925 million in the year ended 31 December 2018 from $6,080 million in 2017. This increase is due to the volume growth and higher crude oil prices between 2017 and 2018.

GROSS PROFIT

As a result of the volume growth and favourable foreign currency exchange movements, gross profit amounted to $624 million for the year compared to $614 million in 2017 (2% growth year-on-year). These positive drivers were partly offset by a decrease in unit margins largely attributable to market conditions in Morocco in 2018.

GROSS CASH PROFIT

Gross cash profit was higher by $14 million, amounting to $680 million in the year. Total gross cash unit margin was $73 per thousand litres (2017: $74 per thousand litres). The decrease is primarily driven by market conditions in Morocco that impacted our Retail unit margin. Rising base oil prices during 2017 and 2018 resulted in lower unit margins in our Lubricants segment. Lower margins in Retail and Lubricants were offset by a strong unit margin increase of 7% in our Commercial segment.

SELLING AND MARKETING COST

Selling and marketing cost amounted to $197 million, marginally higher than 2017 ($194 million) mainly as a result of inflation and increased point of sale cost in relation to higher Aviation sales.

GENERAL AND ADMINISTRATIVE COST

General and administrative costs, including special items, decreased by 7% to $183 million. The decrease was primarily driven by fair value adjustments of the Management Equity Plan in 2017 and 2018, partially offset by non-recurring IPO and Engen acquisition related costs, as well as reorganisation costs related to our cost optimisation programme

SHARE OF PROFIT FROM JOINT VENTURES AND ASSOCIATES

Share of profit from joint ventures and associates amounted to $28 million, of which $13 million was attributable to our SVL lubricants joint venture of which we acquired a 50% shareholding in December 2017.

OTHER INCOME

Other income of $3 million (2017: $3 million) mainly relates to gains on disposal of PP&E and unrealised losses on financial instruments.

ADJUSTED EBITDA

Adjusted EBITDA increased by $24 million or 6% year-on-year to $400 million, driven by higher volumes, lower operating expenses as well as an increase in share of profit from joint ventures and associates.

NET FINANCE EXPENSE

Net finance expense increased by $15 million or 48% to $46 million from $31 million in 2017. This net finance expense variation mainly resulted from higher long-term debt relative to the same period in 2017. The increase in borrowings is attributable to the term loan facility entered into in June 2017, and drawings on an incremental facility in December 2017, to fund the acquisition of the participation in SVL.

INCOME TAXES

For the year ended 31 December 2018, the ETR decreased to 36% from 38% compared to the comparative period of 2017. The decrease is mainly attributable to lower expenses not tax deductible, and higher non-taxable income.

NET INCOME

Net income, including the impact of special items was $146 million, up 13% from $130 million for the year ended 31 December 2017.

EARNINGS PER SHARE

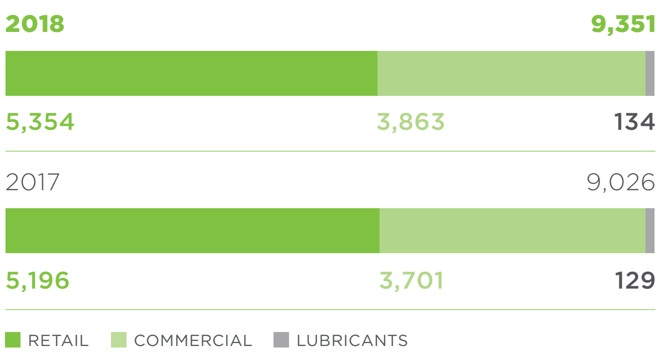
Basic earnings per share amounted to 11 dollar cents per share.

Adjusted diluted earnings per share, excluding the impact of special items were 14 dollar cents.

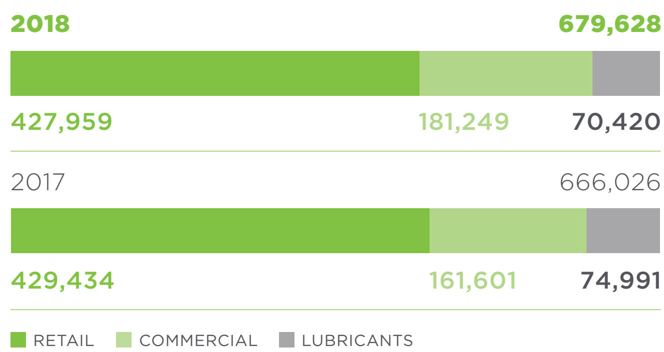
OVERVIEW OF OPERATIONS BY SEGMENT

US$'000, unless otherwise indicated	2018	2017	Change
Volumes (million litres)			
Retail	5,354	5,196	+3%
Commercial	3,863	3,701	+4%
Lubricants	134	129	+4%
Total	**9,351**	**9,026**	**+4%**
Gross profit			
Retail (including Non-fuel retail)	392,934	396,397	–1%
Commercial	163,256	144,630	+13%
Lubricants	68,197	72,894	–6%
Total	**624,387**	**613,921**	**+2%**
Gross cash unit margin ($/'000 litres)			
Retail fuel (excluding Non-fuel retail)	75	78	–4%
Commercial	47	44	+7%
Lubricants	525	581	–10%
Total	**73**	**74**	**–1%**
Gross cash profit			
Retail (including Non-fuel retail)	427,959	429,434	0%
Commercial	181,249	161,601	+12%
Lubricants	70,420	74,991	–6%
Total	**679,628**	**666,026**	**+2%**
Adjusted EBITDA			
Retail	226,977	227,026	0%
Commercial	122,205	106,978	+14%
Lubricants	51,026	42,124	+21%
Total	**400,208**	**376,128**	**+6%**

VOLUMES million litres



GROSS CASH PROFIT US$'000



FINANCIAL REVIEW CONTINUED

CONSOLIDATED FINANCIAL POSITION

SUMMARY BALANCE SHEET

US$'000	31 December 2018	31 December 2017	Change
PP&E and right-of-use assets	770,019	733,584	+5%
Intangible assets	133,962	119,993	+12%
Investments in joint ventures and associates	223,452	218,801	+2%
Other non-current assets	144,908	131,112	+11%
Total non-current assets	**1,272,341**	**1,203,490**	**+6%**
Inventories	440,767	353,129	+25%
Trade receivables	443,645	412,181	+8%
Other current assets	277,731	237,520	+17%
Cash and cash equivalents	392,853	422,494	–7%
Total current assets	**1,554,996**	**1,425,324**	**+9%**
Total assets	**2,827,337**	**2,628,814**	**+8%**
Borrowings and lease liability	411,401	517,505	–21%
Other non-current liabilities	269,987	311,615	–13%
Total non-current liabilities	**681,388**	**829,120**	**–18%**
Borrowings and lease liability	299,616	271,443	+10%
Trade payables	1,060,528	868,521	+22%
Other current liabilities	204,474	212,109	–4%
Total current liabilities	**1,564,618**	**1,352,073**	**+16%**
Total equity	**581,331**	**447,621**	**+30%**
Total equity and liabilities	**2,827,337**	**2,628,814**	**+8%**

ASSETS

PP&E and right-of-use assets increased by $36 million to $770 million, principally due to the continued investment in our retail network, partially offset by depreciation expense.

Intangible assets increased by $14 million to $134 million, largely due to additions relating to our new ERP software, offset by amortisation and unfavourable foreign currency movements.

Investments in joint ventures and associates increased by $5 million. The main movements were from an increase in our share of profit from joint ventures and associates amounting to $28 million partially offset by dividends received of $23 million.

Inventories increased by $88 million principally driven by increased activities, higher crude oil prices as well as the timing of purchases and shipments. Average monthly inventory days for the period were 24 days (2017: 22 days).

Trade receivables increased by $31 million driven by increased sales volumes and higher crude oil prices. Average monthly DSO[1] for the period was 16 days (2017: 17 days).

Other assets (non-current and current) largely relate to other government benefits receivable from our regulated markets, prepayments, VAT and duties receivable as well as income tax receivables. The increase of $54 million is mainly driven by other government benefits receivable, principally as a result of the timing of payments and higher operational activities.

EQUITY AND LIABILITIES

The non-current portion of borrowings and lease liability decreased by $106 million mostly due to the scheduled repayments of the Group's loan facility and repayments of the lease liability.

Other liabilities (non-current and current) principally relate to employee liabilities, oil fund liabilities, deposits owed to customers, other tax payable and provisions. The decrease of $49 million is largely due to the revaluation and repayment of the Management Equity Plan related liability and other employee-related liabilities.

Current portion of borrowings and lease liability increased by $28 million to $300 million, primarily due to an increase in individual operating entities' short-term bank facilities used for working capital management.

Trade payables increased by $192 million primarily due to an increase in crude oil prices, increased activities and the timing of purchases and shipments. Average monthly DPO[1] for the period was 56 days (2017: 53 days).

DIVIDENDS

The Board is recommending a final dividend per share of 1.3 dollar cents amounting to $16 million and bringing the full year dividend to 1.9 dollar cents per share, amounting to $24 million. This represents a pay-out ratio of 30% of attributable net income, pro-rated for the period since IPO.

1 Days sales outstanding (DSO) and days purchases outstanding (DPO) are based on monthly averages and on trade elements only.

LIQUIDITY AND CAPITAL RESOURCES

ADJUSTED FREE CASH FLOW

US$'000	2018	2017 [1]
Net income	146,059	129,653
Adjustment for non-cash items and other	167,051	156,884
Change in working capital	(67,611)	(38,274)
Cash flow from operations activities	**245,499**	**248,263**
Net additions of PP&E and intangible assets[2]	(143,702)	(119,453)
Free cash flow	**101,797**	**128,810**
Special items[3]	47,284	9,064
Adjusted free cash flow	**149,081**	**137,874**

The Group maintained a strong cash generation with an adjusted free cash flow of $149 million (2017: $138 million), that was driven by a high cash inflow from operating activities mainly as a result of strong business performance.

Cash flow from operating activities fully funded capital expenditures that were higher than 2017 mainly due to the investment in our new ERP system and significant investments in our retail station network.

We paid income tax to the amount of $103 million for the year ended 31 December 2018 (2017: $114 million).

CAPITAL EXPENDITURES

US$'000	2018	2017
Maintenance	50,877	46,094
Growth	71,630	62,684
Special projects	24,277	13,080
Total	**146,784**	**121,858**

US$'000	2018	2017
Retail	65,989	62,612
Commercial	20,339	19,059
Lubricants	1,968	1,175
Other (Technology, supply and distribution and general corporate costs)	58,488	39,012
Total	**146,784**	**121,858**
Of which growth capital and expenditure was:	**71,630**	**62,684**
Retail	50,412	46,937
Commercial	14,782	10,993
Lubricants	1,647	772
Other (Technology, supply and distribution and general corporate costs)	4,789	3,982

The expansion and development of our retail network represented the majority of our capital expenditure during the year. This included the construction of retail sites, Non-fuel retail offerings as well as related infrastructure (including storage facilities) to support this network.

Special projects relate to technology and other strategic investments. This included a significant investment in the implementation of a new ERP system and also further automation of our operations.

1 Prior year comparatives were reclassified where necessary.
2 Excluding cash flow from acquisition of businesses.
3 Cash impact of special items. Special items are explained and reconciled on pages 47 to 48.

FINANCIAL REVIEW CONTINUED

LIQUIDITY AND CAPITAL RESOURCES CONTINUED

NET DEBT AND AVAILABLE LIQUIDITY

US$'000	31 December 2018	31 December 2017
Long-term debt	391,753	479,889
Lease liabilities	110,850	133,757
Total debt excluding short-term bank borrowings	**502,603**	**613,646**
Short-term bank borrowings[1]	208,414	175,302
Less cash and cash equivalents	(392,853)	(422,494)
Net debt	**318,164**	**366,454**

1 Short-term bank borrowings exclude the current portion of the long-term debt.

US$'000	31 December 2018	31 December 2017
Net debt	318,164	366,454
Adjusted EBITDA	400,208	376,128
Leverage ratio[1]	**0.79x**	**0.97x**

1 For the description and reconciliation of non-GAAP measures refer to pages 47 to 48.

US$'000	31 December 2018	31 December 2017
Cash and cash equivalents	392,853	422,494
Available undrawn credit facilities	1,280,734	761,490
Available short-term capital resources	**1,673,587**	**1,183,984**

Net debt at 31 December 2018 decreased to $318 million from $366 million at 31 December 2017. The decrease was primarily due to lower long-term debt and lease liabilities as a result of scheduled repayments, partially offset by an increase in short-term bank borrowings and a decrease in cash and cash equivalents.

The leverage ratio was 0.79x at 31 December 2018 from 0.97x at 31 December 2017 due to the decrease in net debt and an increase in adjusted EBITDA.

In May 2018, the Company established a new multi-currency revolving credit facility of $300 million. The multi-currency revolving credit facility consists of a primary $300 million and an additional $100 million contingent upon events after the listing. This credit facility remained fully undrawn at year end. At the end of February 2019 an amount of $62 million was drawn in relation to the Engen acquisition. Available short-term capital resources amounted to $1,674 million compared to $1,184 million at 31 December 2017.

The table below sets the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

US$'000	31 December 2018					
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings	202,553	83,835	84,265	232,512	–	**603,165**
Trade payables	1,002,778	49,808	5,794	2,148	–	**1,060,528**
Lease liabilities	5,212	15,269	19,597	50,647	42,632	**133,357**
Other liabilities	43,350	19,960	22,240	4,601	129,431	**219,582**
Total	**1,253,893**	**168,872**	**131,896**	**289,908**	**172,063**	**2,016,632**

The Group has purchase obligations, under various agreements, made in the normal course of business. The purchase obligations are as follows, as at:

US$'000	31 December 2018	31 December 2017
Purchase obligations	13,271	11,706
Total	**13,271**	**11,706**

NON-GAAP FINANCIAL MEASURES

Non-GAAP measures are not defined by International Financial Reporting Standards (IFRS) and, therefore, may not be directly comparable with other companies' non-GAAP measures, including those in the Group's industry. Non-GAAP measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

The exclusion of certain items from non-GAAP performance measures does not imply that these items are necessarily non-recurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure.

The Directors believe that reporting non-GAAP financial measures in addition to IFRS measures provides users with an enhanced understanding of results and related trends and increases the transparency and clarity of the core results of our operations. Non-GAAP measures are used by the Directors and management for performance analysis, planning, reporting and key management performance measures.

Term	Description	Term	Description
Gross cash profit	This is a measure of gross profit after direct operating expenses and before non-cash depreciation and amortisation recognised in cost of sales. This is a key management performance measure.	Gross cash unit margin	Gross cash profit per unit. Unit is defined as 1,000 litres of sales volume. This is a useful measure as it indicates the incremental profit for each additional unit sold.
EBITDA	Earnings before finance expense, finance income, income tax, depreciation and amortisation. This measure provides the Group's operating profitability and results before non-cash charges and is a key management performance measure.	Adjusted EBITDA	EBITDA adjusted for the impact of special items. This is a useful measure as it provides the Group's operating profitability and results, before non-cash charges and is an indicator of the core operations, exclusive of special items.
Adjusted net income	Net income adjusted for the impact of special items.	Adjusted diluted EPS	Diluted EPS adjusted for the impact of special items.
Special items	Income or charges that are not considered to represent the underlying operational performance and, based on their significance in size or nature, are presented separately to provide further understanding of the financial and operational performance.	Adjusted free cash flow	Cash flow from operating activities less net additions to PP&E and intangible assets and excluding the impact of special items. This is a key operational liquidity measure, as it indicates the cash available to pay dividends, repay debt or make further investments in the Group.
Net debt	Total borrowings and lease liabilities less cash and cash equivalents.	Leverage ratio	Net debt, including lease liability, divided by adjusted EBITDA.
Return on average capital employed (ROACE)	Adjusted EBIT after income tax divided by the average capital employed. Average capital employed is the average of opening and closing net assets plus borrowings and lease liabilities, less cash and cash equivalents. ROACE is a useful measure because it shows the profitability of the Group considering the average amount of capital used.	Existing portfolio growth	A measure of growth in retail volumes from retail service stations that have been open for at least a year but excluding prior year sales of retail service stations closed during the year. It is an indicator of current trading performance and is important for understanding growth in the existing portfolio of sites, excluding the effect of new sites and closures.

FINANCIAL REVIEW CONTINUED

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

US$'000	2018	2017
Gross profit	**624,387**	**613,921**
Add back: depreciation and amortisation in cost of sales	55,241	52,105
Gross cash profit	**679,628**	**666,026**
Volume (million litres)	9,351	9,026
Gross cash unit margin ($/'000 litres)	**73**	**74**

US$'000	2018	2017
EBIT	**275,510**	**241,914**
Depreciation, amortisation and impairment	90,445	84,178
EBITDA	**365,955**	**326,092**
Adjustments to EBITDA related to special items:		
IPO and Engen acquisition related expenses[1]	29,340	–
Restructuring[2]	16,923	8,539
Management Equity Plan	(12,010)	41,497
Adjusted EBITDA	**400,208**	**376,128**

US$'000	2018	2017
Net income	**146,059**	**129,653**
Adjustments to net income related to special items:		
IPO and Engen acquisition related expenses[1]	29,340	–
Restructuring[2]	16,923	8,539
Management Equity Plan	(12,010)	41,497
Tax on special items	(2,600)	(9,097)
Adjusted net income	**177,712**	**170,592**

US$	2018	2017
Diluted EPS	0.11	52.34
Impact of special items	0.03	17.90
Adjusted diluted EPS[3]	**0.14**	**70.24**

US$'000	2018	2017
EBIT	**275,510**	**241,914**
Adjustments to EBIT related to special items:		
IPO and Engen acquisition related expenses[1]	29,340	–
Restructuring[2]	16,923	8,539
Management Equity Plan	(12,010)	41,497
Adjusted EBIT	**309,763**	**291,950**
Effective tax rate	36%	38%
Adjusted EBIT after tax	197,224	179,584
Average capital employed	856,785	722,569
ROACE[4]	**23%**	**25%**

Reconciliation of net debt and leverage ratio is included on page 46. The reconciliation of adjusted free cash flow is included on page 45.

1 In May 2018, the Company became listed on the London Stock Exchange Main Market for listed securities and the Main Board of the JSE Limited by way of secondary inward listing. All IPO-related expenses are considered to be special items. Furthermore, on 4 December 2017, the Company agreed to enter into a sale and purchase agreement with Engen Holdings (Pty) Limited ('Engen Holdings'), a 100% subsidiary of Engen Limited, in relation to the purchase of shares in Engen International Holdings (Mauritius) Limited ('Engen International Holdings Limited') for the exchange of a shareholding in Vivo Energy, and a cash element. Related integration project expenses are treated as special items.

2 Restructuring expenses relate to further optimising the organisation and are substantial in scope and impact and do not form part of the underlying core operational activities.

3 Refer to general information (note 1) in the consolidated financial statements.

4 ROACE includes the impact of the 50% acquisition of SVL which completed in December 2017. ROACE excluding the impact of the 50% acquisition of SVL was 28% in 2017.

RISK MANAGEMENT

OUR APPROACH

Active risk management is a key priority for the Group and is an important component of our strategy framework. Success as an organisation depends on our ability to identify and exploit emerging business opportunities in the markets where we operate, which comes with an element of risk.

To achieve our risk management objectives, we have embedded risk management activities in the operational responsibilities of management and made these activities an integral part of our overall governance, planning, decision making, organisational and accountability structure.

OUR APPROACH TO RISK MANAGEMENT

Our approach to risk is based on the underlying principle of line management's accountability for risk and control management. The Group has a risk-based approach to internal control and management is responsible for implementing, operating and monitoring the internal control environment. The Board is ultimately responsible for reviewing and monitoring the overall risks profile, the adequacy of the Group's risk management and the effectiveness of internal controls.

The Group's risk management framework is underpinned by a 'three lines of defence' approach, which defines how risk management activities are organised and where responsibility and accountability for these lie within the Group.

- First line of defence – As the first line of defence, local functional managers own and manage their risks. They have ownership, responsibility and accountability for directly assessing, controlling and mitigating risks in line with the guidance, policies and requirements set by the Group. They are responsible for implementing corrective actions for control deficiencies identified through the KPI reporting and goal zero checklists (a monthly check completed by Management which evidences that controls are operating as intended).
- Second line of defence – Financial and non-financial risk management functions are in place at Group level to oversee and monitor risks and provide an objective challenge to the first line of defence. They can intervene directly by modifying internal controls, policies and procedures as well as developing risk systems.
- Third line of defence – The Group's (independent) Internal Audit Function and the Audit and Risk Committee are in place to provide assurance to the Board on the effectiveness of governance, risk management and internal controls. This includes the extent to which the first and second lines of defence have achieved their risk management and control objectives.

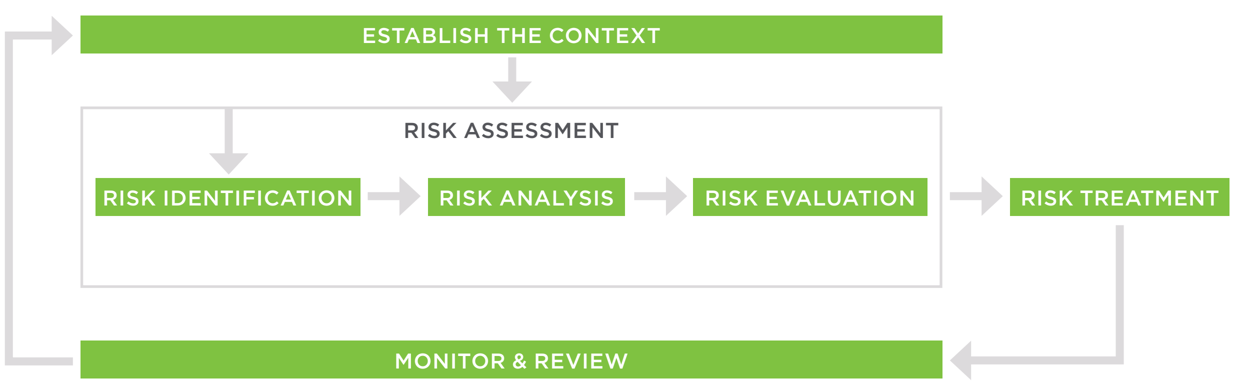
OUR RISK APPETITE

The Board is committed to adopt a risk profile and approve a risk management framework that is in line with our vision and culture. We ensure the risk management framework is adequately communicated, integrated in all areas of the organisation and that accountability is assigned at all appropriate levels.

RISK ASSESSMENT

For each risk or category of risks, our risk management process includes activities performed in a continuous cycle, covering both actual and emerging risk. Risk assessment, includes risk identification, analysis and evaluation, and ensures each risk is analysed to identify the consequence and likelihood of the risk occurring and the adequacy of existing controls. Each reportable entity is responsible for implementing the appropriate structures, processes and tools to allow proper identification of risks. In the current year, we introduced a risk register that facilitates quarterly reporting and evaluation of existing and new risks by functional heads.

RISK MANAGEMENT FRAMEWORK



RISK MANAGEMENT CONTINUED

The various risk reporting channels are consolidated into one streamlined escalation process which is used by the Board to assess and analyse the risk of the Group and implement an action plan when necessary. Once the risks have been identified, analysed, managed and evaluated, risk mitigation identifies the actions to be implemented by management. Each reportable entity has implemented risk management processes that are embedded in our governance and activities.

MONITOR AND REVIEW

Annually, our Internal Audit team assesses our significant risks and communicates them to senior management who in turn develop action plans to address the identified risks. Internal Audit reports directly to the Audit and Risk Committee on the principal risks. The Committee will review and assess the status of each risk. Reviews and recommendations are presented to senior management to continuously strengthen our internal controls framework.

INTERNAL CONTROL SYSTEM

The approach to internal control includes a number of general and specific risk management processes and policies. Within the essential framework provided by our General Business Principles, the primary control mechanisms are self-appraisal processes, in combination with strict accountability for results. These mechanisms are underpinned by established policies, standards and guidance that relate to particular types of risk; structure investment decision processes, a timely and effective reporting system, performance appraisal and cover all material controls, including financial, operational and compliance controls.

In addition to these structured self-appraisals, the assurance framework relies upon objective appraisals by Internal Audit and the Central Internal Control team. The results of these teams' risk-based reviews of operations provide an independent view regarding the effectiveness of risk and control management systems. These established reviews, reporting and assurance processes enable us to regularly consider the overall effectiveness of the system of internal control and to perform a full annual review of the system's effectiveness. Taken together, these processes and practices provide confirmation that relevant policies are adopted and procedures implemented with respect to risk and control management.

OUR DYNAMIC RISK ENVIRONMENT

As part of the risk management framework we regularly consider changes in the nature, likelihood and impact of existing and new risks, including the Group's ability to respond to changes in its business and the external environment.

Our listing on the London Stock Exchange and the Johannesburg Stock Exchange brought about many changes to our risk environment. We have seen an increase in cyber threats, regulatory risks and fraud risk.

As a result of the increased visibility as a public company, we have noted an increase in phishing, hacking and fraud attempts on our business. To adequately address these risks we have formalised the Forensics function, with the focus on monitoring of risks and investigation of incidents. The function acts independently of the business and reports directly to the Head of Internal Audit.

The acquisition of Engen completed on 1 March 2019 and is expected to increase legal and regulatory risk as we will be operating in eight new markets, with each country bringing their own regulatory requirements to which we have not previously been exposed to. We appointed a specialised team to monitor each aspect of the transition and ensure compliance with all regulations affecting their area of business.

As we are a listed company on the Main Market of the London Stock Exchange, we have considered the implications of the UK's imminent exit from the European Union ('Brexit') on the business of the Group. As at the date of the Annual Report, no agreement has been reached between the UK and the European Union regarding the terms of any transitional or longer-term agreement after Brexit and it is not possible to predict whether or not such an agreement will be reached or, if one is reached, what the terms of that agreement will be. In view of their geographical location, we do not expect our business operations to be impacted. We do however maintain close monitoring and assessment of Brexit developments and will seek to mitigate any adverse impact that may occur as a result of Brexit.

5 VIVO ENERGY HAS FIVE KEY STRATEGIC OBJECTIVES:

1. To remain a responsible and respected business in the communities in which we operate
2. To preserve our lean organisational structure and performance-driven culture
3. To maximise the value of our existing assets
4. To pursue value-accretive growth
5. To maintain attractive and sustainable returns through disciplined financial management

PRINCIPAL RISKS AND UNCERTAINTIES

Our activities are exposed to various risks and uncertainties. These are risks that we assess as relevant and significant to our business at this time, however there might be other risks that could emerge in the future.

Overall, our risk management programme focuses on the unpredictability of the global market and seeks to minimise potential adverse effects on financial performance.

BRAND & REPUTATIONAL

NO.	OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
1.	PARTNER REPUTATION AND RELATIONSHIPS Our business identity depends on its relationship with our brand partners and the reputation of those brands, in particular our relationship with Shell.	A deterioration to our brand name may prevent collaboration opportunities with other companies, thus hindering growth plans of the Group. A decline in consumer confidence may drive down volumes and result in lower margins.	We require all our contractors and business partners to manage their HSSE policies and practices in line with ours. Stringent Know Your Counterparty ('KYC') procedures are performed prior to entering any contract over a value of $50,000 per year. We promote and develop the communities in which we operate to help build the Vivo Energy brand as the most respected in Africa.	1
2.	CRIMINAL ACTIVITY, FRAUD, BRIBERY AND COMPLIANCE RISK As a result of business in Africa our countries are exposed to high levels of risk relating to criminal activity, fraud, bribery, theft and corruption. There are a number of regulatory requirements applicable to the Group and the related risk of non-compliance with these regulations have increased following the listing.	Violations of anti-bribery, anti-corruption laws, and other regulatory requirements may result in significant criminal or civil sanctions, which could disrupt our business, damage its reputation and result in a material adverse effect on the business, results of operations and financial condition.	We provide compliance training programmes to employees at all levels. The Code of Conduct and KYC procedures, along with various other policies and safeguards have been designed to prevent the occurrence of fraud, bribery, theft and corruption within the Group. We have a confidential whistle-blowing helpline for employees, contractors, customers and other third parties to raise ethical concerns or questions. We regularly maintain and update the information technology and control systems within the Group. The Head of Ethics and Compliance and the Head of Forensics are involved in mitigating fraudulent activities in the Group. We strive to ensure our anti-bribery management systems will continue to be certified compliant under the ISO 37001 standard.	1 2 4

RISK MANAGEMENT CONTINUED

PRICING

NO.	OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
3.	OIL PRICE FLUCTUATIONS The price of oil and oil products may fluctuate preventing us from realising our targeted margins, specifically in the deregulated markets in which we operate.	Higher supply costs in deregulated markets result in higher prices for our products and could reduce our ability to achieve targeted unit margins.	Exposure to commodity price risk is mitigated through careful inventory management and dynamic pricing.	3 4 5
4.	CURRENCY EXCHANGE RISK We are exposed to foreign exchange risk, currency exchange controls, currency shortage and other currency-related risks.	Depreciation of foreign currency exchange rates could result in severe financial losses.	Our treasury policy requires each country to manage their foreign exchange risks. The Central Treasury team approves all hedging plans before they are actioned to ensure they are aligned with our strategic focus. Currency exchange risks are mitigated by margin and pricing strategies.	2 3 4

HEALTH, SAFETY, SECURITY & ENVIRONMENT

NO.	OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
5.	HEALTH AND SAFETY We are exposed to accidents or incidents relating to health, safety and the environment and from remediation of such accidents relating to employees. We are further subject to HSSE laws and regulations and industry standards related to our operations in each of the countries in which we operate.	We may incur potential liabilities arising from HSSE accidents/incidents. Brand reputation can be severely impacted, along with employee confidence. Regulators and authorities may impose fines, disruptions to operations and disallow permits for future ventures.	We ensure all safety measures for our retail service stations, storage sites, and employees are maintained at international standards. We invest significantly in training and technology to improve road transport safety. The highest emphasis is placed on process safety, and minimising security risks to our people, our facilities and the communities in which we operate. We require all our contractors and partners to manage their HSSE policies and practices in line with ours. On an ongoing basis, safety and security drills, campaigns and programmes are conducted to ensure wide-spread knowledge of the Group's HSSE principles and procedures. In addition to our ongoing, daily attention to HSSE, we hold an annual Safety Day, which creates an opportunity for all employees to refocus on the importance of HSSE of our Group. The day is used to reinforce safety measures as well as raise awareness of key issues.	1 2

LEGAL, REGULATORY AND POLITICAL INSTABILITY

NO.	OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
6.	ECONOMIC AND GOVERNMENTAL INSTABILITY Several countries and regions in which we operate have experienced economic and political instability that could adversely affect the economy of our markets.	An economic slowdown which adversely affects, for example, disposable income, vehicle distance driven, or infrastructure development, in one or more of these regions could negatively impact our sales and have a material adverse effect on the business, financial conditions and operational results.	We closely monitor evolving issues in markets. We ensure appropriate responses and business continuity plans are developed to minimise disruptions. All local regulatory environments and changes are closely monitored.	1 4

OPERATIONAL

NO.	OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
7.	PRODUCT AVAILABILITY AND SUPPLY We are dependent upon the supply of fuels, lubricants, and additives from various suppliers. When raw materials are needed urgently, asymmetric negotiations occur. The bargaining power shifts to the supplier who in turn can charge a higher price. Furthermore we are restricted by limited storage capacity within some country facilities.	The increased procurement costs could lower our margins. Limited supply of products and storage facilities may result in stock outs. This could further result in breach of contract and disruptions to our operations, leaving us susceptible to fines or penalties.	We ensure optimal inventory management through close monitoring of inventory days, sales and other factors which may require additional inventory levels. Attention to our suppliers' political and social environments are performed and our purchasing strategies realigned as necessary. The Group now has increased storage capacity at strategic locations within Africa, following the Engen acquisition.	1 3
8.	BUSINESS CONCENTRATION RISK A large part of the Group's operations (and margins) are derived from Morocco when compared to other countries.	Any unfavourable changes in market dynamics, such as the re-imposition of pricing regulations for fuel, or downturns in the performance of the operations overall, may lead to a decline in the Group's performance.	Overall diversification is the key strategy and control measure. The completion of the Engen transaction has increased the geographic diversification, as the Group has expanded its footprint in Africa.	1 5
9.	NEW ERP IMPLEMENTATION Our organisation is currently migrating to a new ERP, a critical project that will redesign some of our operations, functions and controls.	Inadequate processes and segregation of duties may impact the quality of the operations, controls and make fraud detection difficult. Data quality and management issues may have financial, operational or compliance consequences leading to increased (financial and operating) costs and missed opportunities.	The project is managed by one of the Group's Leadership Team members. Processes have been thoroughly defined and pre-validated. The new platform has been already rolled out and is operational in the two selected pilot countries. Segregation of duties and data quality have been assessed through both internal and external audits. The remaining deployment will be executed in successive waves across the Group throughout 2019.	2 3

RISK MANAGEMENT CONTINUED

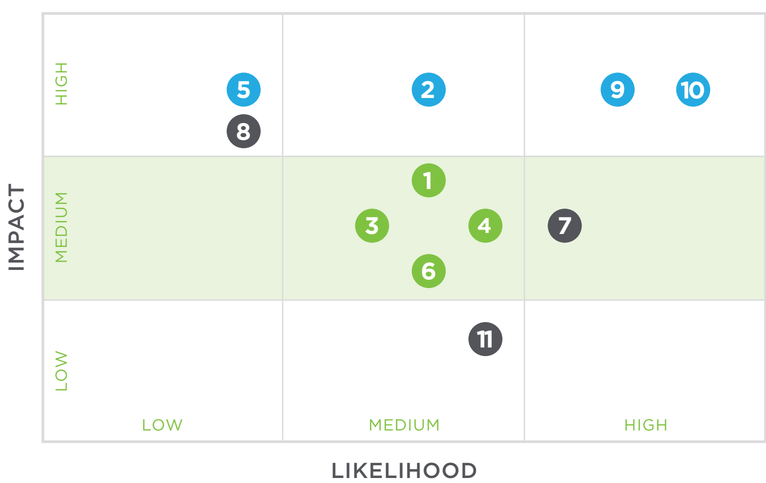
STRATEGIC

NO.	OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
10.	ACQUISITION INTEGRATION We may be unable to identify or accurately evaluate suitable acquisition candidates or to complete or integrate past or prospective acquisitions successfully and/or in a timely manner, which could materially adversely affect growth.	We may incur write-downs, impairment charges or unforeseen liabilities, placing strain on financial resources. Occurrences of indebtedness could result in increased obligations and include covenants or other restrictions that limit operational flexibility.	All acquisition decisions are intensively reviewed at several stages with ultimate approval by the Board. This ensures risks at all levels are being assessed and mitigated throughout the process. We ensure there are detailed integration plans with realistic time lines as well as designated teams to execute the plan. Tailored on-boarding and training is delivered post-acquisition to ensure a smooth and efficient transition.	2 4 5

FINANCIAL

NO.	OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
11.	CREDIT MANAGEMENT The Group faces risks arising from credit exposure to commercial and retail customers as well as governments, including outstanding receivables and committed transactions.	This may result in financial loss as a result of bad debts and lost revenue. Exceeding payment terms will result in lower working capital, potentially creating liquidity challenges for the business.	We maintain Credit Policy Manuals which are country specific. These Manuals ensure a harmonised, (cost) effective and value-adding credit process in all classes of business. Continuous monitoring of outstanding credit balances are performed to ensure our overall risk remains within our tolerance. We impose strict guidelines and procedures should customers exceed the credit limits set. Credit limits are set on an individual basis after having assessed the customer through KYC procedures. We use debtor factorisation when considered necessary.	2 4

PRINCIPAL RISK FACTORS



PRINCIPAL RISK FACTORS[1]

1. Partner reputation and relationships
2. Criminal activity, fraud, bribery and compliance risk
3. Oil price fluctuations
4. Currency exchange risk
5. Health and safety
6. Economic and governmental instability
7. Product availability and supply
8. Business concentration risk
9. New ERP implementation
10. Acquisition integration
11. Credit management

RISK IMPACT ASSESSMENT[2]

- Decreased
- Unchanged
- Increased

1 Based on the Company, excluding Engen transaction considerations.
2 Residual risk after consideration of controls.

LONG-TERM VIABILITY AND GOING CONCERN

LONG-TERM VIABILITY

The UK Corporate Governance Code

Provision C.2.2 of the UK Corporate Governance Code requires the Directors to assess the prospects of the Group over a period significantly longer than 12 months and whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

The review period

We believe that a five-year period is the most appropriate timeframe over which to assess the long-term viability of the Group. This timeframe is supported by the strategic business planning cycle and matches the term of our primary financing arrangements. We have reasonable confidence over this time horizon which allows for an appropriate assessment of our principal risks.

Assessment of prospects

The Strategic Report provides information about our strategy, financial condition, cash flows and liquidity, as well as the factors, including the principal risks, likely to affect the Group's future prospects. The Group's prospects are assessed primarily through its strategic and financial planning process. On an annual basis the Directors approve a detailed five-year strategic business plan, which forecasts the Group's cash flows and ability to service financing requirements, pay dividends and fund investing activities during the period. A bottom-up budgeting model is followed as the plan is initially prepared at an operating unit level and later consolidated into a five-year plan centrally. The final version of the plan is then reported to the Board for approval.

The prospects assessment key assumptions

Macro drivers are used to forecast how markets will evolve. The following key assumptions are made in order to prepare the five-year forecasts:

- Price of Brent crude oil
- Expected FX rates
- Inflation and GDP growth
- Employee salary increases

The assumptions are shared at local level to ensure consistent forecasting across the Group. Assumptions are monitored by our planning division and updated on an annual basis.

Assessment of viability

Although the output of the Group's strategic and financial planning process reflects the Directors' best estimate of the future prospects of the business, the Group has carried out a robust assessment of the potential financial and operational impact of principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

A severe but plausible combined downside scenario has been modelled where the following high impact principal risks have materialised:

- Economic and governmental instability adversely affects a number of our local entities resulting in devaluation of local currencies and unit margin decline in affected markets (economic and governmental instability and currency exchange risks).
- Higher supply costs in unregulated markets resulting in higher prices for our products and lower unit margins (oil price fluctuations).
- Significant negative impacts on our working capital due to oil price increases, security stock increases and an increase in DSO and inventory days and a decrease in DPO.

The assessment starts with the available liquidity headroom which is calculated as an aggregation of cash and cash equivalents plus available facilities as at 31 December 2018. Then the five-year forecast is used to calculate the cash position and available headroom over the period taking into account the impact of the downside scenario adjustments. The downside scenario assumed an appropriate management response to the specific events but not broader mitigating actions which could be undertaken. The assessment took account of the Group's current funding, forecast requirements and existing borrowing facilities. It assumed that existing facilities could be refinanced as they mature.

Statement of longer-term viability

Based on the results of the analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

GOING CONCERN

In accordance with provision C.1.3 of the UK Corporate Governance Code, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

This Strategic Report has been approved by the Board

BEN WALKER
GENERAL COUNSEL
& COMPANY SECRETARY

5 MARCH 2019

ASSESSMENT OF PROSPECTS

ASSUMPTIONS SETTING	PLANNING	FINAL PLAN	BOARD APPROVAL
Assumptions include, for example, wage and salary growth rates, FX rates, inflation and GDP growth, and crude oil price assumptions.	The annual planning process starts in September with the operating units preparing a detailed, 'bottom up', five-year strategic and financial plan. These plans are reviewed and challenged by the Executive Committee.	The five-year plans are updated for the Q3 financial reports in November, followed by reviews by the Executive Committee. Individual operating units' five-year plans are consolidated to an overall Group five-year financial plan.	The Board reviews and approves the consolidated five-year Group financial plan.

GOVERNANCE

Our corporate governance report for 2018 shows how we fulfil the requirements of the UK Corporate Governance Code. We describe our governance arrangements, the operation of the Board and its Committees and how the Board discharged its responsibilities.

CONTENTS

CHAIRMAN'S LETTER

ACHIEVING THE HIGHEST STANDARDS OF GOVERNANCE

Although the expectations placed on a listed company are new to Vivo Energy, I'm proud to report that our standards of governance are already on the way to being those of a much more mature and well-established PLC.

CHAIRMAN'S LETTER
JOHN DALY

In May the IPO brought about a major transformation of Vivo Energy. When we became a listed company in both London and Johannesburg, we also took on a clear and unequivocal requirement to adopt the highest standards of governance.

By the end of the financial year, and following much hard work from our senior team, we were compliant with the majority of the UK Corporate Governance Code (the 'Code'). In particular, the composition of the Board complies with the Code's recommendation that at least half of the Directors, excluding the Chairman, should comprise Independent Non-Executive Directors. In addition to my role, the Board consists of eight Directors – four Independent Non-Executive Directors, two Executive Directors and two representatives from our major shareholders, Vitol and Helios.

In addition, we've made rapid and significant progress to establish the Board Committees appropriate to our new status, including an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee.

EXPERIENCE, EXPERTISE, ENERGY

Although I was officially appointed Chairman at the time of the IPO, I had already spent a considerable amount of time getting to know the business and the management team. And what I found enormously impressive was not only the skill of the people here, but also their enthusiasm for – and knowledge of – Africa, a continent I know well from my time at British American Tobacco.

The countries of Africa are characterised by fast-growing, increasingly affluent and young populations, and offer tremendous opportunities to a nimble, agile company with a lean management structure and a high degree of local empowerment.

The Executive Committee are bright, capable and energetic – and these qualities are further underpinned by our Board. As you can see from the Directors' biographies on pages 60 to 63, we have a vibrant and diverse Board that brings practical and valuable expertise and experience to the business.

During the year I also met with the two principal shareholders on a number of occasions. Vitol and Helios have been tremendously supportive in building the business since 2011 with a strong focus on business performance and HSSE. They played key roles in guiding our team through the IPO. It has been good to see at first hand their commitment to Vivo Energy, and I look forward to working closely with them and our other shareholders during the months and years ahead.

HSSE performance is reviewed at every Board meeting, highlighting the importance of maintaining our strong track record in this area. Further information is available on page 19.

Building close relationships with stakeholders is essential to good governance, and we provide further details on page 70.

OUTLOOK

2019 will be about continuing to deliver results while integrating Engen into the business at the same time. Our entrepreneurial culture, supported by our values of honesty, integrity and respect for people will help us rise to the challenges ahead, as we build our reputation of doing what we say we'll do and move towards our ambition of becoming Africa's most respected energy business.

JOHN DALY
CHAIRMAN

5 MARCH 2019

> "Our entrepreneurial culture, supported by our values of honesty, integrity and respect will help us rise to the challenges ahead."

COMPLIANCE WITH THE 2016 UK CORPORATE GOVERNANCE CODE (THE 'CODE')

On admission of its shares to the FCA's Official List and listing on the Main Market of the London Stock Exchange on 10 May 2018 ('Admission'), Vivo Energy plc (the 'Company') was required to comply with the principles and provisions of the Code (available from www.frc.org.uk). The Board is committed to the highest standards of corporate governance. The Company has applied all the main principles of the Code and has complied with all of its relevant provisions except as indicated below:

PROVISION AND LOCATION OF EXPLANATION	
B.2.1 – A majority of members of the Nomination Committee should be independent Non-Executive Directors.	71
B.4.2 – The Chairman has not formally reviewed the Non-Executive Directors training and development needs.	69
B.6.1 – The Board has not carried out a performance evaluation.	69
C.3.1 – The Board should establish an Audit Committee of at least three or in the case of smaller companies two, independent Non-Executive Directors. In smaller companies the company Chairman may be a member of, but not chair, the committee in addition to the independent Non-Executive Directors, provided he or she was considered independent on appointment as Chairman.	72

The Board will address the issue of non-compliance with the Code in the coming year and will update shareholders in next year's Annual Report.

The Board notes the revisions to the Code published in July 2018 and will be applying the new and amended principles on the Board's practices during 2019. A report on this process will be included within the 2019 Annual Report, whereby we intend to be fully compliant with the revised Code.

Further information on compliance with the requirements of the Code can be found as follows:

BOARD OF DIRECTORS

Experienced leadership – our business is led by our Board of Directors. Our Board is comprised of Directors who are experienced business leaders with the skills necessary to support the business to deliver its strategy.

3. JOHAN DEPRAETERE
CHIEF FINANCIAL OFFICER

2. CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER

1. JOHN DALY
CHAIRMAN

8. CHRISTOPHER ROGERS
INDEPENDENT NON-EXECUTIVE DIRECTOR

6. TEMITOPE LAWANI
NON-EXECUTIVE DIRECTOR (HELIOS APPOINTED DIRECTOR)

4. THEMBALIHLE HIXONIA NYASULU
SENIOR INDEPENDENT DIRECTOR

5. JAVED AHMED
NON-EXECUTIVE DIRECTOR (VITOL APPOINTED DIRECTOR)

7. CAROL ARROWSMITH
INDEPENDENT NON-EXECUTIVE DIRECTOR

9. GAWAD ABAZA
INDEPENDENT NON-EXECUTIVE DIRECTOR

BOARD OF DIRECTORS CONTINUED

EXTENSIVE EXPERIENCE SUPPORTED BY VALUABLE SKILLS

Key
- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Chair

1 JOHN DALY
CHAIRMAN – INDEPENDENT ON APPOINTMENT

APPOINTMENT DATE: 20 APRIL 2018

Skills and Experience
John brings strong international and consumer expertise to the Board having held various executive leadership positions over the course of 20 years at British American Tobacco plc ('BAT'). His most recent positions at BAT were chief operating officer (2010-2014) and regional director for Asia Pacific, based in Hong Kong (2004-2010). John is a former director of Reynolds American Inc., a US public company owned 42% by BAT and until early 2018 he was a director of Ferguson plc. Prior to his time with BAT, John held various sales and marketing positions with Johnson & Johnson, Bristol-Myers Squibb, Pennwalt Corporation and Schering-Plough.

External Appointments
John is currently a non-executive director of Britvic PLC (of which he is the non-executive chairman) and G4S plc (of which he is chair of the remuneration committee). John will be stepping down from G4S plc at their AGM on 16 May 2019.

Committee Memberships
A N R

Nationality

2 CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER

APPOINTMENT DATE: 20 APRIL 2018
(prior to this he was Chief Executive Officer of the Group with effect from 2 January 2012)

Skills and Experience
Christian has extensive experience in the energy sector and has a deep knowledge of Africa and emerging markets. Prior to joining the Group, Christian was at Total for 31 years where he held several executive positions in Central America, the Caribbean, Pacific and India. Christian served as chief executive officer for the Total group of companies in Nigeria, Cameroon and Kenya, followed by successive positions as executive vice president for the Total group of companies for Central Africa, executive vice president for the Total group of companies for Caribbean and Central America, and as Total group representative for India and executive country chairman for downstream companies.

External Appointments
None

Committee Memberships
None

Nationality

3 JOHAN DEPRAETERE
CHIEF FINANCIAL OFFICER

APPOINTMENT DATE: 20 APRIL 2018
(prior to this he was Chief Financial Officer of the Group with effect from 6 April 2012)

Skills and Experience
Johan has wide-ranging experience in senior finance roles both at Vivo Energy and other multinational companies including the Samsung Group, McKinsey and Morgan Stanley. His responsibilities include financial control, treasury & credit, IT and procurement.

External Appointments
None

Committee Memberships
None

Nationality

4 THEMBALIHLE HIXONIA NYASULU

SENIOR INDEPENDENT DIRECTOR

APPOINTMENT DATE: 20 APRIL 2018

Skills and Experience

Thembalihle Hixonia has global experience across multiple sectors in South Africa and Europe for blue-chip companies, as well as on the Banking Enquiry panel for the South African Competition Commission. She held numerous management roles at Unilever in South Africa between 1978 and 1984, and subsequently founded two highly successful companies. She has substantial experience as a non-executive director holding non-executive director positions at Unilever Plc, Sasol Ltd, Anglo Platinum Ltd, the Development Bank of Southern Africa, Nedbank and served as a member of the JPMorgan Advisory Board for South Africa until October 2013.

External Appointments

None

Committee Memberships

A N R

Nationality

5 JAVED AHMED

NON-EXECUTIVE DIRECTOR (VITOL APPOINTED DIRECTOR)

APPOINTMENT DATE: 12 MARCH 2018 (prior to this he had been a supervisory board member of Vivo Energy Holding B.V. formerly the holding company of the Group)

Skills and Experience

Javed joined Vitol in 2009 and heads up its global investing activity. Prior to this, he was with Morgan Stanley from 1997 to 2009 where he held positions including managing director and the head of acquisitions and structured transactions for Morgan Stanley's commodities group.

External Appointments

Javed currently holds positions at a number of Vitol's portfolio companies, including Petrol Ofisi, VTTI, VPI Holding and OVH Energy.

Committee Memberships

N

Nationality

6 TEMITOPE LAWANI

NON-EXECUTIVE DIRECTOR (HELIOS APPOINTED DIRECTOR)

APPOINTMENT DATE: 16 MARCH 2018 (prior to this he had been a supervisory board member of Vivo Energy Holding B.V. formerly the holding company of the Group)

Skills and Experience

Temitope is a co-founder and managing partner of Helios Investment Partners, the largest Africa-focused private investment firm. Prior to this, he was a principal at TPG Capital. Temitope began his career as a mergers & acquisitions and corporate development analyst at the Walt Disney Company. He has previously served on the boards of various corporate enterprises.

External Appointments

Temitope is a director of Helios Towers, Mall for Africa, Zola Electric (formerly Off Grid Electric), OVH Energy and Axxela. He also serves as a member of the MIT Corporation (Massachusetts Institute of Technology's board of trustees), the MIT School of Engineering Dean's Advisory Council, the Harvard Law School's Dean's Advisory Board, and on the boards of directors for the Emerging Markets Private Equity Association and The END Fund.

Committee Memberships

N

Nationality

7 CAROL ARROWSMITH

INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 20 APRIL 2018

Skills and Experience

Carol has extensive experience of executive remuneration. For over 20 years, she specialised in advising boards of directors on executive remuneration across a range of sectors. She is a former vice chair and senior partner of Deloitte LLP, a global partner in Arthur Andersen and managing director of New Bridge Street Consultants.

External Appointments

Carol is currently a non-executive director of Compass Group plc. She chairs its remuneration committee and is a member of its audit, corporate social responsibility and nomination committees. Carol is a fellow of the Chartered Institute of Personnel and Development. In addition, she is a member of the Advisory Group for Spencer Stuart, director and trustee of Northern Ballet Limited and a director of Arrowsmith Advisory Limited.

Committee Memberships

A N R

Nationality

8 CHRISTOPHER ROGERS

INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 22 APRIL 2018

Skills and Experience

Christopher is a Chartered Accountant and has extensive finance and commercial experience, having held the position of executive director of Whitbread Plc where he served as group finance director from 2005 to 2012 and as global managing director of Costa Coffee from 2012 to 2016. He was group finance director of Woolworth Group Plc and chairman of the Woolworth Entertainment businesses from 2001 to 2005 and prior to that held senior roles in both the finance and commercial functions in Comet Group plc and Kingfisher plc. Christopher was also a non-executive director of HMV Group plc from 2006 to 2012 where he was chair of the audit committee.

External Appointments

Christopher is currently senior independent director of Travis Perkins Plc, non-executive director of Kerry Group plc and Walker Greenbank PLC where he was appointed as interim executive chairman in October 2018, until 10 April 2019, when the new chief executive takes up their role.

Committee Memberships

A N R

Nationality

9 GAWAD ABAZA

INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 1 DECEMBER 2018

Skills and Experience

Gawad has a wealth of African commercial experience. He has significant operational knowledge of running consumer-focused businesses across the African continent having held several senior management positions in the Middle East and Africa at Kraft and Cadbury.

External Appointments

Gawad is currently President, Middle East and Africa of Mondelez International and non-executive director of Cadbury Nigeria Plc.

Committee Memberships

A N R

Nationality

EXECUTIVE COMMITTEE

1 CHRISTIAN CHAMMAS

2 JOHAN DEPRAETERE

3 DAVID MUREITHI

4 MARK WARE

5 ERIC GOSSE

6 FRANCK KONAN-YAHAUT

7 BERNARD LE GOFF

8 HERMAN NIEUWOUDT

9 OMAR BENSON

10 NAOUFEL AISSA

11 BEN WALKER

12 REINETTE WESSELS

1 CHRISTIAN CHAMMAS' BIOGRAPHY CAN BE FOUND ON PAGE 62

2 JOHAN DEPRAETERE'S BIOGRAPHY CAN BE FOUND ON PAGE 62

3 DAVID MUREITHI

EVP RETAIL, MARKETING, EAST & SOUTHERN AFRICA

David is the Executive Vice President for Retail, Marketing and East & Southern Africa, a position he has held since January 2017. David joined the Group in May 2013 and previously held the position of executive vice president for supply and marketing.

Prior to joining the Group, David held various positions at Unilever, including supply chain director for East Africa, managing director for Kenya, regional head for East and Southern Africa and regional head for West Africa.

Nationality

4 MARK WARE

EVP COMMERCIAL, LUBRICANTS & CORPORATE

Mark is the Executive Vice President for Commercial, Lubricants & Corporate, a position he has held since January 2017, having joined the Group in 2013 following a transfer from Vitol. He is responsible for the commercial, lubricants and corporate functions of the Group. Mark is also the Chairman of Shell and Vivo Lubricants.

Prior to joining the Group, Mark was group director of corporate affairs for the Vitol Group. He also held various positions over the course of more than 25 years at BP plc in oil trading and marketing. Mark's roles at BP plc included being executive assistant to the group CEO and, from 2002 to 2008, group vice president communications and external affairs.

Nationality

5 ERIC GOSSE

EVP BUSINESS DEVELOPMENT & SUPPORT

Eric is the Executive Vice President, Business Development & Support, a position he has held since 15 January 2019. Eric is responsible for business development and projects, supply and sourcing (fuels), distribution, power and solar, technical audit, technical and engineering and HSSE.

Eric joined the Group from Total where he held various senior positions over the course of more than 25 years. He brings a wealth of commercial and industry experience to the Group.

Nationality

6 FRANCK KONAN-YAHAUT

EVP WEST AFRICA

With effect from 1 February 2019, Franck became the Executive Vice President West Africa and joined the Executive Committee. He previous held the positions of managing director, Shell Côte d'Ivoire and Burkina Faso Cluster, managing director, Côte d'Ivoire, before taking up his previous role of managing director, Senegal in September 2014.

Franck transferred from Royal Dutch Shell to Vivo Energy following the sale of the Africa Downstream business in 2011. Franck joined Royal Dutch Shell in 1996, and following a number of years as finance manager in Guinea, Ghana and West Africa moved to the Shell upstream business as general manager Finance and Administration for West Africa.

Nationality

7 BERNARD LE GOFF

EVP SUPPLY, DISTRIBUTION & WEST AFRICA

Bernard is the Executive Vice President Supply, Distribution and West Africa, a position he has held since January 2017. He joined the Group in 2012 and has held various positions including regional vice president for West Africa, Botswana and Namibia and executive vice president for operational business development. He will be stepping down from his role on 31 March 2019.

Bernard has extensive experience in downstream activities in Africa. Prior to joining the Group, Bernard held various positions over the course of 24 years at Total including as managing director in French Guinea, Zambia and Tanzania and regional vice president for Eastern & Central Europe of AS24. He was also a regional head for the downstream business at both Galana and at Oryx.

Nationality

8 HERMAN NIEUWOUDT

CHIEF OF STAFF

Herman is the Chief of Staff for the Group, a role which he has held since September 2018. Prior to this he was the Vice President Human Resources, a position he held since the inception of Vivo Energy. He is primarily responsible for executive compensation and resourcing and the Chairman's and CEO's office.

Herman transferred from Royal Dutch Shell to Vivo Energy following the sale of the Africa Downstream business in 2011. During his 17 years with Shell he held various roles including downstream policy and compensation manager for the Africa region and general manager HR for Shell Oil Products Africa. Herman joined Shell in 1995 from Dulux South Africa where he was the head of HR for the industrial coatings division.

Nationality

9 OMAR BENSON

VP RETAIL, CR, QSR & ONFR

Omar is the Vice President Retail, CR, QSR and ONFR, a role he has held since September 2018. Prior his current role, he held various senior positions at Vivo Energy, including Head of Fuel Retail from 2013 and adding Convenience Retail from 2015.

Prior to joining Vivo Energy he held various roles at Shell where he spent 11 years and before that he worked for Air Liquide, Mobil Oil and Copharmed.

Nationality

10 NAOUFEL AISSA

VP LUBRICANTS & COMMERCIAL

Naoufel is the Vice President Lubricants & Commercial, a role which he has held since July 2017. Prior to this, he held various senior roles at Vivo Energy, including Head of Lubricants from July 2015 and managing director, Tunisia until July 2015.

Naoufel transferred from Royal Dutch Shell to Vivo Energy following the sale of the Africa Downstream business in 2011. He has over 15 years' experience including various sales and marketing roles in Shell globally and throughout Africa. He held the role of managing director for Shell Tunisia from September 2009.

Nationality

11 BEN WALKER

GENERAL COUNSEL & COMPANY SECRETARY

Ben is the General Counsel & Company Secretary. Ben joined Vivo Energy in April 2013 as General Counsel, subsequently taking on the additional role of Group Company Secretary in 2015. Ben is primarily responsible for the Group's legal, company secretarial and ethics and compliance functions.

Ben is a qualified solicitor in England and Wales and, before joining the Group he held positions at Centrica plc and Slaughter and May.

Nationality

12 REINETTE WESSELS

VP HUMAN RESOURCES

Reinette is the Vice President for Human Resources a position she has held since September 2018, having joined the Group in October 2013 as Head of Talent and Development. She is responsible for providing strategic leadership and direction for the HR Function across the Group.

Prior to joining the Group, as an independent consultant, she provided specialised consulting to a number of listed companies in the areas of reward and talent management strategies and deployment. Her knowledge and experience of the human resources field spans a period of 27 years, across a number of diverse sectors, including holding various generalist, specialist and executive HR positions at British American Tobacco, where she worked for 12 years and as remuneration consultant at Old Mutual for seven years.

Nationality

OUR GOVERNANCE STRUCTURE

THE ROLE OF THE BOARD

The Board is collectively responsible for the long-term success of the Vivo Energy Group (the 'Group') by setting strategic priorities for the business. It is also responsible for corporate governance and the overall financial performance of the Group.

The Board discharges some of its responsibilities directly whilst others are discharged through its principal Board Committees and through management. In order to retain control of key decisions and ensure there is a clear division of responsibilities between the Board and the running of the business, the Board has a formal schedule of matters reserved for its decision which is available on our website.

These reserved matters include:

- Group strategy;
- Governance and regulatory compliance;
- Financial reporting;
- Major capital commitments;
- Major contracts and agreements;
- Internal controls;
- Significant remuneration changes;
- Stakeholder engagement; and
- Material corporate transactions.

THE BOARD'S COMMITTEES AND THEIR ROLE

The Board established three principal Committees at the time of Admission – the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee. Each Committee has its own terms of reference approved by the Board which are available on our website. Membership of each Committee is determined by the Board on the recommendation of the Nomination Committee. The Board structure is set out below.

The membership, roles and duties discharged from Admission to the 31 December 2018 for each Committee is detailed in their respective Committee reports on pages 71 to 95.

The Board has also established the Market Disclosure Committee in order to ensure timely and accurate disclosure of all information that is required to be disclosed to the market to meet the legal and regulatory obligations and requirements arising from the listing of the Company's securities on the London Stock Exchange, including the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the listing on the Johannesburg Stock Exchange.

The Market Disclosure Committee meets at such times as shall be necessary or appropriate. The members of the Committee are the Chairman, Chief Executive Officer, the Chief Financial Officer, the Group Financial Controller, the General Counsel & Company Secretary and the Head of Investor Relations.

In addition to the oversight provided by the Board and its Committees, the Executive Directors are supported by the Executive Committee that help them discharge their duties. The Executive Committee comprises the senior leadership team, who have management responsibility for the business operations and support functions.

The Executive Committee is not a decision-making body, but an advisory forum to support the Executive Directors to discharge their role. The membership of the Executive Committee can be found on pages 64 and 65. The Executive Committee plans to meet regularly in each financial year and relevant matters are reported to Board meetings by the Chief Executive Officer and, as appropriate, the Chief Financial Officer.

OUR GOVERNANCE STRUCTURE

THE BOARD

AUDIT AND RISK COMMITTEE

The role of the Committee is to assist the Board in fulfilling its corporate governance obligations in relation to the Group's financial reporting, internal control and risk management systems. In addition, it provides oversight of the internal audit function and the external auditors.

NOMINATION COMMITTEE

The Committee ensures there is a formal and appropriate procedure for the appointment of new Directors to the Board. The Committee is responsible for leading this process and making recommendations to the Board.

REMUNERATION COMMITTEE

The role of the Committee is to set, review and recommend the policy on remuneration of the Chairman, Executives and senior management team.

In addition, it monitors the implementation of the Remuneration Policy.

The following table shows the attendance of Directors at scheduled Board and Committee meetings since Admission:

Board		Audit and Risk Committee	Nomination Committee	Remuneration Committee
John Daly	4/4	4/4	0/0	4/4
Christian Chammas	4/4	–	–	–
Johan Depraetere	4/4	–	–	–
Thembalihle Hixonia Nyasulu	4/4	4/4	0/0	4/4
Javed Ahmed[1]	3/4	–	0/0	–
Temitope Lawani[2]	3/4	–	0/0	–
Carol Arrowsmith	4/4	4/4	0/0	4/4
Christopher Rogers	4/4	4/4	0/0	4/4
Gawad Abaza[3]	1/1	–	–	–

Notes:

The maximum number of scheduled meetings held during the year that each Director could attend is shown next to the number attended. Additional meetings were held as required. Minutes of Board and Committee meetings are made available to all Directors.

1 Javed Ahmed was unable to attend the May Board meeting due to business commitments agreed prior to Admission.
2 Temitope Lawani was unable to attend the October Board meeting due to business commitments agreed prior to Admission.
3 Gawad Abaza was appointed to the Board on 1 December 2018.

BOARD ACTIVITIES

Since Admission, the Board has held four scheduled meetings. The matters considered and decisions taken by the Board have included the following key matters:

STRATEGY	– Received regular reports from the Chief Executive Officer – Received M&A and material project updates
FINANCIAL REPORTING AND PERFORMANCE	– Approved the half-year announcement – Approved the interim dividend payment – Approved the trading update – Review and approval of the 2019 plan
RISK MANAGEMENT AND INTERNAL CONTROLS	– Received regular updates on HSSE – Approved the insurance renewal – Approved the updated manual of authorities
GOVERNANCE	– Approved the Company's governance framework – Approved the terms of reference for the principal Board Committees – Received meeting reports from the Committee Chairs – Received updates on developments in corporate governance and regulatory updates – Received regular investor relations reports – Approved the Company's modern slavery statement – Received presentations as part of the Non-Executive Director induction programme
LEADERSHIP	– Approved the appointment of Gawad Abaza as an Independent Non-Executive Director and his appointment as a member of the Audit and Risk, Nomination and Remuneration Committees

OUR GOVERNANCE STRUCTURE CONTINUED

DIRECTORS

At Admission, the Board comprised eight Directors. The Board composition is outlined on page 69. As announced on 12 November 2018, Gawad Abaza was appointed as an Independent Non-Executive Director on 1 December 2018. From this date, the Board's composition meets provision B.1.2 of the Code that at least half the Board, excluding the Chair, comprise independent Non-Executive Directors.

Further information on the skills and experience, Committee membership and other appointments of each Director can be found in their individual biographies on pages 62 and 63.

In line with best practice, the roles of our Chairman and Chief Executive Officer are separate, clearly defined and set out in writing. The role profiles have been approved by the Board and are available on our website. The key roles of our Board are set out below:

Chairman

The Chairman's primary role is to lead the Board and ensure that it operates effectively. In particular, he sets the agenda and promotes a culture of open debate between Executive and Non-Executive Directors. He also has a pivotal role in ensuring effective communication with shareholders and other stakeholders and ensures that the members of the Board are made aware of the views of the major investors.

Chief Executive Officer

The Chief Executive Officer is responsible for running the business of the Company in close collaboration with, and with the support of, the Executive Committee.

Chief Financial Officer

The Chief Financial Officer is responsible for providing strategic financial leadership of the Company and day-to-day management of the finance function.

Senior Independent Director

The Senior Independent Director is an Independent Non-Executive Director of the Board. This role provides advice and additional support and experience to the Chairman and where necessary, performs an intermediary role for other Directors. The Senior Independent Director leads the annual appraisal and review of the Chairman's performance and is available to respond to shareholder concerns when contact through the normal channels is inappropriate.

Non-Executive Directors

The Non-Executive Directors are responsible for contributing sound judgement and objectivity to the Board's deliberations and overall decision-making process; providing constructive challenge, and monitoring the delivery of the strategy within the Board's risk and governance framework.

Company Secretary

It is the responsibility of the Company Secretary to ensure that there are good information flows to the Board and its Committees. The Company Secretary advises the Board on all legal and corporate governance matters and assists the Chairman in ensuring that the Directors have suitably tailored and detailed induction and ongoing professional development programmes. The removal of the Group General Counsel & Company Secretary is a matter for the Board as a whole.

All Directors have access to the advice and services of the Group General Counsel & Company Secretary. Directors may take independent legal and/or financial advice at the Company's expense when it is judged necessary in order to discharge their responsibilities effectively. No such independent advice was sought in the period from Admission to the 31 December 2018.

INDEPENDENCE

With the exception of Javed Ahmed and Temitope Lawani, the Non-Executive Directors were deemed on appointment and continue to be, independent in accordance with the criteria outlined within the Code and are considered to be free from any business interest which could materially interfere with the exercise of their judgement.

Following Gawad Abaza's appointment on 1 December 2018, the Board had four Independent Non-Executive Directors. With effect from this date, the Board complied with provision B.1.2. of the Code.

In addition, the Board is satisfied that each Non-Executive Director dedicates the necessary amount of time to the Company's affairs and to their role.

The Board has agreed that each Director shall stand for reappointment at each Annual General Meeting ('AGM'). All Independent Directors are appointed and re-appointed by a dual vote, including the approval of shareholders excluding our major shareholders.

Copies of the Executive Directors' service contracts and letters of appointment for the Non-Executive Directors are available for inspection by shareholders at each AGM and during normal business hours at the Company's registered office.

CONFLICTS OF INTEREST

Directors have a statutory duty to avoid situations in which they may have interests which conflict with those of the Company. The Board has adopted procedures as provided for in the Company's Articles of Association for authorising existing conflicts of interest and for the consideration of, and if appropriate, authorisation of new situations which may arise.

The register setting out each Director's interests was created at the time of Admission. Since then no additional conflicts of interest have been identified. The register records both Javed Ahmed's and Temitope Lawani's appointment on behalf of the Company's major shareholders. In addition, where the Directors hold directorships or other similar appointments in companies or organisations not connected with the Company where no conflict of interest has been identified are only registered as potential conflicts authorised and recorded on the register.

As good practice, the Chairman requests each of the Directors to declare any conflict of interest at each Board meeting.

BOARD EFFECTIVENESS

BOARD COMPOSITION

Led by the Chairman, the Board of Directors comprises four Independent Non-Executive Directors, two Executive Directors and two representatives from our major shareholders, Vitol and Helios. Together, they ensure high standards of governance and bring a broad range of skills and experience to our business.

The Board considered the composition of the Board and its Committees at the time of Admission. All Directors are required to devote sufficient time and demonstrate commitment to their role and confirmed to the Chairman at the time of their appointment that they would be able to devote sufficient time to their role. In addition, the Independent Non-Executive Directors are required to consult with the Chairman before accepting any roles outside the Group.

BOARD INDUCTION

In preparation for Admission, all Directors received an induction briefing from Freshfields Bruckhaus Deringer LLP and JP Morgan Cazenove, on their duties and responsibilities as Directors of a listed company, with an inward listing on the Johannesburg Stock Exchange. The induction process also comprised a programme which included:

– Training for the Independent Non-Executive Directors on oil markets with a focus on downstream Africa from an economist specialising in this field.
– A presentation at an Audit and Risk Committee meeting from the Head of Ethics and Compliance to introduce the Independent Non-Executive Directors to the Ethics and Compliance function.
– A presentation given by the Group Head of HSSE.
– A series of business inductions, including a visit to the Morocco business (see Case Study below for further information).

Further sessions will be held with members of senior management and heads of functions during the course of 2019. Going forward, key site visits will also be scheduled to enable the Board to meet business management and develop a greater commercial awareness of the Group.

All new Directors joining the Board will receive a full, formal and tailored induction programme, based on the induction received by the Independent Non-Executive Directors who were appointed at the time of Admission.

BOARD TRAINING AND DEVELOPMENT

As the Company has been listed for less than a year, the Chairman did not consider it appropriate to review and agree with each Director their training and development needs. The Company has therefore not complied with provision B.4.2 of the Code in the period under review.

The Chairman, with the support of the Company Secretary, will ensure that the development and ongoing training needs of individual Directors and the Board are reviewed and agreed at least annually. The Company Secretary will ensure that the Board is briefed on forthcoming legal and regulatory developments, as well as developments in corporate governance best practice.

BOARD EVALUATION

Given the Company listed within the financial year, and that the Independent Non-Executive Directors joined the Board shortly prior to Admission, the Board did not consider it appropriate to carry out a performance evaluation process prior to publication of the Annual Report. The Company has therefore not complied with provisions B.6.1 or B.6.3 of the Code in the period under review. The Board believes that a meaningful evaluation can only take place after it has been working together for a reasonable time. The Board will look to initiate its first evaluation during 2019 and will therefore report on this process in the 2019 Annual Report.

As required by the Code, the Non-Executive Directors, including the Chairman, met without the Executive Directors or management present during the year. In addition, the Senior Independent Director met with the Non-Executive Directors in absence of the Chairman to appraise the Chairman's performance.

CASE STUDY: GAWAD ABAZA'S INDUCTION PROGRAMME

On 1 December 2018 Gawad Abaza joined the Board. His induction programme was designed to ensure he had the information and knowledge required to enable him to make an effective contribution to the Board.

The programme focused on enhancing his understanding of Vivo Energy and its business, including its markets, customers, competition, business opportunities and risks.

Gawad's induction programme to date has included the following:

– An induction presentation on duties and responsibilities as a Director of a UK listed company given by Freshfields Bruckhaus Deringer LLP and JP Morgan Cazenove.
– Meetings with the Head of HSSE to discuss HSSE within the Group.

CASE STUDY: THE BOARD VISITS THE OPERATING UNIT IN MOROCCO

Since Admission, the Board undertook a visit to the Company's operating unit in Morocco. The October Board meeting was held in Casablanca and the following sessions took place during the visit:

– The VP Retail and the VP Commercial Fuels and Lubricants delivered presentations to the Independent Non-Executive Directors on their respective businesses.
– Led by members of the Morocco team, various site visits were arranged for the Independent Non-Executive Directors, including to:
  • The Roches Noires lubricants blending plant;
  • The Mohammedia depot; and
  • Two retail service stations.

Visiting the business in Morocco enabled the Directors to gain a greater understanding and insight into particular issues faced by this operating unit and the business in general. The Board were positive about the opportunity to improve the breadth and depth of their knowledge of operating units and to engage on an individual level with senior management in Morocco.

ENSURING EFFECTIVE ENGAGEMENT WITH STAKEHOLDERS

STAKEHOLDER ENGAGEMENT

At Vivo Energy, we are committed to building positive relationships with all stakeholders. This is vital to us in building a sustainable business.

We consider that our stakeholders are everyone impacted by our business, and this includes our employees, investors, customers, partners and the communities and governments of the countries in which we operate.

Here is a snapshot of how we engage with some of these important stakeholder groups:

SHAREHOLDERS

Investor Relations

The Board is committed to maintaining good communications with shareholders. The Company has a designated investor relations function which acts as the primary point of contact with the investment community and is responsible for maintaining Vivo Energy's relations with investors, analysts and shareholders. As part of its ongoing programme, the Company maintains an active dialogue with its shareholders, including those institutional investors which monitor the Company's governance policies and procedures, and discusses issues relating to the performance of the Group including strategy and new developments.

The Board places importance on communication with all shareholders. Arrangements can be made for major shareholders to meet with the Chairman, the Chief Executive Officer, the Chief Financial Officer and the Independent Non-Executive Directors as required.

The Company conducts regular investor meetings and telephone calls with the investment community and participates in relevant conferences to meet with current and prospective investors.

Brokers' research reports and investors' feedback are circulated regularly to the Board, who discuss these and any other key matters relating to investors. In each case, the Board, in conjunction with advisers (where appropriate), determines the strategy to address significant issues raised.

Annual General Meeting ('AGM')

The Company's first AGM will be held at 2.00 p.m. on 7 May 2019 at the Conrad Hotel St James, 22-28 Broadway, London SW1H 0HB United Kingdom. Details of the business to be proposed at the meeting are contained in the Notice of AGM which will be sent to shareholders at least 20 working days prior to the date of the meeting. Voting at the AGM will be conducted by way of a poll and the results will be announced through the Regulatory News Service and made available on our website.

To encourage shareholders to participate in the AGM process, the Company will offer electronic proxy voting through both our registrar's website and, for CREST members, the CREST service.

It is anticipated that the whole Board will be present at the AGM. It provides a valuable opportunity for shareholders to engage with the Board and receive an update on the performance of the Company and ask questions during the meeting. Shareholders will also have the opportunity to meet the Company Secretary and the Auditors.

EMPLOYEES

During 2018 we conducted an employee engagement survey. This survey gives management information about how our employees feel about working for the Company. The results are reported to the Board and this year's results were overwhelmingly positive and an improvement on 2016's successful survey. Over 89% of our employees shared their feedback and 90% were proud to work at Vivo Energy.

Further information is available in the Strategic Report on page 18.

CUSTOMERS

We work hard to build strong relationships with customers in all our markets, from individuals coming to our retail sites to some of the largest mining companies in Africa. We work to improve our understanding of each of our customers' needs so we can increase the value we deliver to them.

Further information on how we build relationships with customers located in the Strategic Report on page 22.

COMMUNITIES

We are committed to being good and supportive neighbours in the communities in which we operate. During 2018, the Company invested $1.2 million on projects in the local communities of our markets, this investment was primarily focused on projects to improve road safety, education and the environment.

Additional information is included in the Strategic Report on page 23.

PARTNERS

Our principal partner is Shell with whom we have a brand licence agreement in place until December 2031 and a 50:50 lubricants joint venture. We also work closely with a number of other partners including owners of storage facilities, transport contractors and other fuel suppliers.

More information on our relationships with our partners in the Strategic Report on page 22.

GOVERNMENTS

We maintain good relationships with our host governments and are both a major collector of, and payer of, taxes and duties in the countries in which we operate. We primarily engage with governments through industry bodies in each of our operating units.

More information on our relationships with our governments in the Strategic Report on page 23.

NOMINATION COMMITTEE REPORT

COMMITTEE CHAIR
JOHN DALY

> Diversity extends beyond the Boardroom and the Committee supports management in its efforts to build a diverse organisation.

ROLE OF THE COMMITTEE

The Board has delegated oversight of the leadership needs and succession planning for the Board to the Nomination Committee, to ensure the Group has the best talent to perform effectively now and in the future.

MEMBERSHIP

All members of the Committee are Non-Executive Directors as defined by the Code.

Committee members

- John Daly – Chair
- Javed Ahmed
- Temitope Lawani
- Thembalihle Hixonia Nyasulu
- Carol Arrowsmith
- Christopher Rogers
- Gawad Abaza (appointed on 12 December 2018)

Biographies of all members can be found on pages 62 and 63.

MEETINGS

Since Admission there have been no meetings of the Committee. As the Company has been listed for less than a year, the Committee did not consider it appropriate to meet to consider Board succession. Board succession planning will however be reviewed before the end of the 2019 financial year and annually thereafter.

COMPOSITION OF THE BOARD

On Admission, the Board membership comprised a Non-Executive Chairman, two Executive Directors, two Non-Executive Directors and three Independent Non-Executive Directors. The Board considered this to be an appropriate blend of commercial and governance experience, independence and challenge and that the diverse range of skills and backgrounds of the Directors would prevent any undue individual or collective influence over the Board's decision-making.

As set out in its prospectus, prepared before Admission, the Board committed to comply with the Code requirement that at least half the Board, excluding the chair, should comprise Independent Non-Executive Directors, within 12 months of Admission. As announced on 12 November 2018, to meet this requirement, the Board appointed Gawad Abaza with effect from 1 December 2018.

Prior to the appointment of Gawad Abaza to the Committee on 12 December 2018, the composition of the Committee did not technically meet the requirements of the Code (as disclosed in the IPO prospectus). However, this issue of non-compliance has now been addressed.

BOARD APPOINTMENT PROCESS

A formal and transparent procedure for the appointment of Gawad Abaza to the Board was followed. This procedure, which was led by the Chairman and was discussed at a full meeting of the Board, included the evaluation of the balance of skills, knowledge, experience and diversity of the Board to ensure that Gawad's appointment complemented the Board.

During the search for a new Independent Non-Executive Director, external search consultancy, Spencer Stuart, was engaged to support with the recruitment process; they have no other connection with the Company other than providing recruitment services. Although the Chair of the Remuneration Committee is a member of the Advisory Group for Spencer Stuart, Spencer Stuart were engaged to search for Board Directors during the IPO process and before she was appointed to the Board.

Spencer Stuart is an accredited firm under the Enhanced Code of Conduct for Executive Search Firms.

BOARD DIVERSITY

Diversity is one of the key talent principles in Vivo Energy. The Company believes that employing and developing the top talent from all backgrounds and with varied experiences within the countries we operate in, gives us a competitive advantage. Our ambition is to increase diversity on our Board in all forms. We are supportive of the recommendations of the Hampton-Alexander Review and are committed to developing the skills, experience and knowledge of a diverse pipeline of talent. As at 31 December 2018, 22% of the Board were women and included Directors from the UK, France, Ireland, Egypt, Belgium, Nigeria, and South Africa with a wide range of backgrounds and expertise.

The Nomination Committee is committed to ensuring and promoting a diverse mix of skills, backgrounds and nationalities on the Board. Diversity extends beyond the Boardroom and the Committee supports management in its efforts to build a diverse organisation. Over the last five years, we have seen an increase in the number of women in professional and skilled roles within the Company and currently 27% of staff at these levels are women. During the last 18 months, we have promoted two female employees to the role of Managing Director and have appointed our first woman to the Executive Committee. Over the coming year, the Committee intends to monitor progress made at the Board, management and leadership levels.

Further information on diversity for the wider workforce can be found in our Strategic Report on page 18.

JOHN DALY
COMMITTEE CHAIR

5 MARCH 2019

AUDIT AND RISK COMMITTEE REPORT

COMMITTEE CHAIR
CHRISTOPHER ROGERS

> Risk management and internal controls, founded on robust and reliable financial reporting, are essential to a growing business.

ROLE OF THE COMMITTEE

The role of the Audit and Risk Committee ('Committee') is to monitor and review the Group's financial reporting, the effectiveness of risk management and internal controls, the Group's whistleblowing procedures and the integrity of the internal and external audit processes.

COMMITTEE KEY RESPONSIBILITIES

The key responsibilities of the Committee are:

- To monitor the integrity of the financial statements and any formal announcements relating to the Company's financial performance and to ensure the financial statements are fair, balanced, and understandable;
- Review significant financial reporting estimates and judgements contained in the financial statements;
- Review the design, implementation and effectiveness of the internal controls and risk management system;
- Monitor the effectiveness of the internal audit function;
- Review of tax policies, strategies, disputes and exposures;
- Responsible for the recommendation of appointment, reappointment and removal of external auditors and for reviewing their effectiveness and independence; and
- Approval of non-audit services.

The Committee reports to the Board on its activities performed during the year. All recommendations set forth by the Committee to the Board in 2018 were accepted.

MEMBERSHIP

Members of the Committee are all Independent Non-Executive Directors. Members have gained knowledge and experience over the years through various corporate and professional appointments, including recent and relevant financial experience. The Board is satisfied with the composition of the Committee and that it combines a balanced mix of commercial, financial and audit knowledge, with the Chairman of the Committee, Christopher Rogers, meeting the requirements of recent, relevant financial experience.

Committee members

All members, unless otherwise stated, were appointed in May 2018:

- Christopher Rogers – Chair
- John Daly
- Thembalihle Hixonia Nyasulu
- Carol Arrowsmith
- Gawad Abaza (appointed December 2018)

Biographies of Committee members can be found on page 62 and 63.

MEETINGS

The Committee met four times since Admission. Details of attendance by members at Committee meetings can be found on page 66. The Chief Executive Officer and Chief Financial Officer, Company Secretary, Group Financial Controller and Head of Internal Audit attended committee meetings at the invitation of the Committee chairman. The external auditor was invited and attended all meetings.

An observer from Vitol and Helios may attend the meetings of the Committee, as long as they have a right to nominate a Director to the Board.

Committee meetings generally take place shortly before Board meetings at which the Committee's Chair reports to the Board. The report sets out the activities of the Committee including the recommendations and matters of particular relevance. The Board reviews and discusses the Committee meeting minutes at Board meetings. The Committee meets regularly with the external auditors and the Head of Internal Audit without management present in order to discuss any issues which may have arisen.

COMMITTEE ACTIVITIES

FINANCIAL DISCLOSURE

The Committee reviewed the half-year and annual financial statements as well as the quarterly trading updates. Specific consideration was given to the clarity of disclosures, integrity of the financial reporting process, compliance with legal and financial reporting standards and the application of accounting policies and judgements.

The Committee reviewed the Annual Report and assessed whether it is fair, balanced and understandable to shareholders and clearly depicts the Group's strategy, business model and financial performance and position. In making these assessments the Committee reviewed disclosures, discussed the requirements with senior management and inspected representations made to the auditors. Reports to support the going concern assumption, the long-term viability of the Group, principal risks and the effectiveness of internal controls were reviewed.
The Committee endorsed the Annual Report.

Other activities of the Committee comprised:

- Consideration of the ERP system implementation process;
- Accounting considerations in relation to share-based payments and their valuations;
- Consideration of the preparation of the Engen acquisition;
- Review of the ethics and compliance reports; and
- Endorsement of the Committee's terms of reference.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Areas of significant judgement considered by the Committee in 2018 included:

Key judgements and estimates	Committee actions	Conclusions
Going concern assumption must be assessed to determine whether it is appropriate to adopt the going concern basis of accounting, and to identify any material uncertainties to the Group's ability to continue to remain a going concern over a period of at least 12 months from the date of the approval of the financial statements.	Reviewed the financial performance, cash flow generation and forward-looking plan. Reviewed loan covenant ratios, liquidity, capital resources and headroom. Considered any significant events which may have impacted the assumptions.	The Group continues to generate positive free cash flows and maintains an adequate headroom. The Committee concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and as such considers it appropriate to adopt the going concern basis of accounting in preparing the financial statements.
Long-term viability assessment reflects the Group's current position and principal risks, and how changes in these factors may affect the prospects of the Group, over a pre-determined period.	Assessed the appropriateness of the review period. Reviewed the results of a modelled assessment that included the effect of a severe but plausible combined downside scenario on the available headroom over the review period.	The Committee agreed a five-year period is an appropriate timeframe based on the strategic business planning cycle and the term of the Group's primary financing arrangements. High impact principal risks and uncertainties were adequately modelled in the assessment. Following the review and analysis the Committee is in agreement with the Group's ability to continue operating and to meet its financial liabilities as they fall due over the five-year period. Further details relating to the viability statement can be found in the Strategic Report on page 55.
Non-GAAP financial measures.	Reviewed the accounting policy for non-GAAP financial measures, ensured clear definitions and consistent application of the measures. Ensured well balanced approach of GAAP and non-GAAP financial measures throughout the Interim financial statements and the Annual Report.	The Committee approved the accounting policy and agreed that non-GAAP financial measures are used for financial analysis, planning, reporting and key management performance measures. The Committee confirmed that reporting non-GAAP financial measures in addition to IFRS measures provides an enhanced understanding of the results and related trends as well as increasing the clarity of the core operating results. Non-GAAP financial measures have been appropriately disclosed and reconciled in the financial statements.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

ACCOUNTING ESTIMATES AND JUDGEMENTS

Areas of significant judgement considered by the Committee in 2018

Key judgements and estimates	Committee actions	Conclusions
Other government benefits receivables.	Considered the assessment of the recoverability risk of other government benefits receivables.	The Committee concluded that the receivables were properly stated and the level of provisioning appropriate.
Tax positions. Determining the Group's income tax positions requires interpretation of the tax laws in numerous jurisdictions. Resolution of tax positions taken can take several years to complete and can be difficult to predict. Therefore, judgement is required to determine the Group's income tax liability.	Considered the appropriateness of the key judgements of the corresponding tax positions made.	The Committee concluded that the related tax positions are appropriate.
Goodwill impairment assessment. The significant judgement involved in impairment testing relates to the assumptions underlying the determination of the value-in-use of the Group's cash generating units that goodwill was allocated to.	Challenged the methodology and appropriateness of the assumptions including: – Assumptions in relation to terminal growth in the businesses at the end of the five-year plan cycle. – Sensitivity analysis on the discount rate and projected cash flows.	The Committee is in agreement with the appropriateness of the analysis performed by management, the judgements applied and the estimates used. The Committee concluded that the significant assumptions used for determining the recoverable amount were appropriate and sufficiently robust. The Committee is satisfied that Goodwill is not impaired. Further details can be found in note 12 of the consolidated financial statements.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Committee reviews and assesses risks and their impact and ensures appropriate controls are designed and implemented to mitigate these risks. Together with the internal audit and internal control functions, continued focus was placed on key areas of risk and the system of internal controls.

A key priority for 2018 was the implementation of a streamlined process for the identification of risk within the organisation. As a result, a risk register was implemented and reviewed by the Committee on a regular basis. The areas of focus include financial, operational and compliance risks factors. Through this process the Group's principal key risks were identified.

The Committee further reviewed the internal controls of the business as a whole. Details relating to the principal risks and uncertainties of the Group as well as the mitigating controls can be found in the Strategic Report on pages 51 to 54.

The Committee completed its review of the effectiveness of the Group's system of internal controls including the risk management, since Admission and up to the date of this Annual Report. No significant weaknesses or instances of significant control failure have been identified during the year. Given the robust processes which have been established the Committee is confident in its conclusion of the effectiveness of the internal controls and risk management system. The Committee has put forward this conclusion to the Board.

INTERNAL AUDIT

The Committee reviewed and approved the internal audit plan and the performance of audits in line with the three-year plan. Internal audit findings including remedial action plans were presented to the Committee.

The Committee is satisfied with the effectiveness of the internal audit function. Furthermore the experience of team members and their expertise is considered appropriate to address all categories of risk within the business.

The review and assessment of the internal audit function is performed on an ongoing basis, including the effectiveness of the function. Any improvement opportunities identified are communicated and addressed with the head of the function. The function's performance is assessed against the approved internal audit plan. An External Quality Assessment (EQA) of the function was carried out in 2017 and found that the Internal Audit function was effective in providing assurance to the Group and conforms with the vast majority of CIIA (Chartered Institute of Internal Auditors) standards.

EXTERNAL AUDIT APPOINTMENT

Subsequent to the IPO at 10 May 2018, PricewaterhouseCoopers LLP (PwC) was appointed as the Group external auditor (previously PricewaterhouseCoopers Accountants N.V., who were appointed following a competitive tender in 2011). The Committee concluded that PwC is the most appropriate firm given:

- The good working relationship with the audit teams at all levels;
- PwC's extensive knowledge and understanding of the business;
- Their proactive and professional approach;
- Appropriate audit fee in respect of the services provided; and
- Ability to cope and respond to a fast changing environment.

In accordance with current professional standards, there will be a mandatory partner rotation every five years.

The tender process for audit-related engagements and non-audit services are initiated and approved by the Committee. The Committee confirms compliance with the provisions of the Competition and Markets Authority's Order for the financial year under review.

EXTERNAL AUDIT INDEPENDENCE

The Committee established an auditor independence policy which is designed to safeguard the continued independence of the external audit firm. The policy sets out:

- The audit fee;
- Oversight of audit firms who perform audit services; and
- Audit-related and non-audit services provided to the Group.

AUDIT FEES

The Committee reviews the audit fee structure, resourcing and terms of the engagement annually. In addition, on a quarterly basis, the Committee reviews the non-audit services that the auditor provides to the Group. Overall the total amount paid to PwC does not represent a significant portion of their total revenues. In 2018, the Group incurred total fees of $4.9 million (2017: $3.7 million) to PwC. Of this total, $1.8 million (2017: $1.5 million) related to audit work and $3.1 million (2017: $2.2 million) related to audit-related and non-audit services. Non-audit services mainly related to the IPO as well as some tax advisory services and review engagements. Audit fees are disclosed in note 7 of the consolidated financial statements.

NON-AUDIT SERVICES

External auditors are restricted from providing non-audit services which are prohibited by the Financial Reporting Council (FRC) Revised Ethical Standard 2016. Categories of approved non-audit services are included in the auditor independence policy, along with a monetary threshold.

Any approved non-audit services with fees exceeding the threshold or which are not stipulated within the policy must be reviewed and approved by the Committee. The external auditor is only considered for non-audit services in instances where they have the most appropriate technical skills and expertise. On an annual basis the Committee reviews and approves the policy for non-audit services.

AUDIT EFFECTIVENESS

The Committee oversees the relationship with the external auditors and monitors the progress of the external audit. Collectively the Committee is satisfied with the execution of the audit process and believes it has been executed with the required level of skills and expertise. A deep-dive review of the 2018 audit will be conducted during the year.

COMMITTEE EFFECTIVENESS

The Board assessed the performance of the Committee and concluded it was operating effectively and within its terms of reference. Further to that the Board considered the Committee's roles and responsibilities remained appropriate for the current needs of the business. Given that the Board and Committee were only constituted in May 2018 (with the final Director being appointed to the Board and Committee in December 2018), the Board is satisfied with the activities and progress the Committee has made during the year.

CHRISTOPHER ROGERS
COMMITTEE CHAIR

5 MARCH 2019

2018 DIRECTORS' REMUNERATION REPORT

REMUNERATION COMMITTEE

COMMITTEE CHAIR
CAROL ARROWSMITH

A coherent pay for performance ethos has been central to the Vivo Energy operating model and we are keen to maintain this culture across the Group.

DEAR SHAREHOLDER

On behalf of the Board I am very pleased to present our first Directors' Remuneration Report ('DRR'), following the IPO in May 2018. In line with regulatory requirements and best practice this report is set out in two parts:

1. Policy Report – This sets out our Remuneration Policy ('Policy') for all Directors of the Group, which will determine Director remuneration for the future and is subject to a binding shareholder vote at our 2019 AGM.

2. Annual Report on Remuneration – This sets out how our Directors were paid in 2018 and how we will apply our Policy in 2019.

The DRR (other than the Directors' Remuneration Policy) will be subject to an advisory shareholder vote at our 2019 AGM.

We have also chosen to provide details of the legacy arrangements that arose as a result of the IPO.

OUR APPROACH TO REMUNERATION

This has been a remarkable year for Vivo Energy. We started the year as a privately owned company and completed our listing on the London Stock Exchange in May. As well as delivering the IPO, we finalised the agreement to acquire Engen's international business in most countries, made a good start on upgrading our technology infrastructure and delivered year-on-year growth.

Throughout this period of transition and development our vision to be the 'most respected energy company in Africa' has not changed. We adopt the same high standards as apply in the world's most tightly regulated downstream markets. Our focus on good governance, and commitment to the principles of openness and transparency flows through into how the Remuneration Committee has established and applied our new Remuneration Policy and how we plan to operate going forward.

Ahead of the IPO, a review of remuneration across the Company was undertaken, to ensure that the historically strong pay for performance ethos, which has been a key feature of the Vivo Energy operating model for many years, was maintained and built upon in the new Policy.

OUR REMUNERATION POLICY

We chose to set out our proposed remuneration policy in the Prospectus to allow investors the opportunity to understand how we pay our leadership team. The Policy is based on the principles that we laid out in that document, being that:

- pay will reflect the role and responsibilities of the individual and will be determined in the context of the relevant market;
- as a Company committed to growth our emphasis will be on pay for performance, to incentivise management to deliver the Company's business goals and create long-term shareholder value;
- the pay framework will be set with reference to best practice in the FTSE 350 and similar Oil & Gas retailing companies;
- there will be important links to good corporate governance, health and safety and risk management practice; and
- the pay, philosophy and remuneration for the wider employee population will be considered when making decisions on remuneration for senior executives.

We are committed to active engagement and so we have consulted with our major shareholders and the leading investor bodies on the proposed policy and have taken their views into consideration in finalising our Remuneration Policy.

The Committee believes that the proposed Policy provides a well balanced remuneration package that will continue to attract and retain individuals of the right calibre to take our business forward and incentivise our Directors and senior management to achieve the short- and long-term goals of the business and deliver shareholder value.

It is a simple structure, with remuneration for the Executive Directors comprising base salary, annual bonus and an LTIP. It also includes best practice features such as holding post-vesting periods on the LTIP, malus/clawback provisions and pension benefits aligned to the rest of the UK workforce.

PAY AND PERFORMANCE IN 2018

Base salaries were set at the time of the IPO and have remained unchanged throughout the year.

In line with our policy, financial performance determined 70% of the bonus and 30% was assessed against a range of strategic and operational goals. We delivered EBITDA of $400 million resulting in a bonus of 42% of maximum for the financial element. Non-financial metrics were put in place to reflect Vivo Energy's transition to fully listed status, align with our high standards, retain focus on our strategic goals including securing the Engen transaction and also strengthening our IT infrastructure. These non-financial goals were delivered in full and so the full 30% bonus was earned by the Executive Directors. Overall, therefore the bonus earned was 72% of the maximum opportunity.

During the year, the Committee also considered the terms of the Company's Long-Term Incentive Plan ('LTIP'), adopted at the IPO. The first awards were made in August 2018. The Committee determined that these 2018 awards to senior executives, including the Executive Directors, would be based on strategic performance measures of EPS, ROACE and TSR. Subject to the achievement of the relevant targets, these awards may vest in 2021 after the announcement of the financial results for 2020. Although the shares would not normally be available for a further two years. Full details of the awards are disclosed in the Annual Report on Remuneration.

LEGACY INCENTIVES & IPO AWARDS

As we have moved from being a privately held business to a listed company there are a number of legacy pay arrangements that were triggered by that change and some transitional elements to ensure a measured transition. Executive Directors and some senior managers participated in Legacy/IPO incentive awards. These were all granted in advance of, or in connection with, the IPO and are as detailed in the Prospectus. Disclosures of these awards have been made in this Report on a voluntary basis, in the interests of transparency and openness.

REMUNERATION FOR 2019

In line with the proposed Policy, the Committee has made the following decisions with respect to remuneration for the Executive Directors in 2019:

- Base Pay – the base salaries for the Executive Directors will remain unchanged for 2019.
- Annual bonus 2019 – the maximum opportunity remains unchanged at 200% for the CEO and 150% for the CFO, with the performance measures weighted 70% on financial and 30% on non-financial metrics. EBITDA, weighted at 40% remains a key financial performance measure, with delivery of profitable growth a prime component of our strategy. The inclusion of gross cash profit, weighted 30% reflects the importance of cash generation within our strategy. Details of the targets will be disclosed retrospectively in next year's report as they are commercially sensitive.
- LTIP 2019 – Further awards were made under the LTIP Plan in early 2019. Full details of the awards are disclosed in the Annual Report on Remuneration.

PRIORITIES FOR 2019

In the coming year, the Committee will focus on:

- Reviewing the remuneration policies of the wider workforce.
- Approving the vesting level of the IPO Share Awards.
- Reviewing of any issues raised by shareholders in relation to remuneration and the new Policy.
- Continuing to monitor our remuneration arrangements in light of changes in corporate governance and ongoing market developments to ensure that our arrangements remain relevant to the Company's goals, congruent with shareholder interests and reflecting the best practice principles in an appropriate form.

The Committee believes that the Remuneration Policy, as detailed in this Report, how we have applied that Policy in 2018 and our plans for 2019 are aligned to our principles, and will appropriately reward our Executive Directors for the delivery of value for our shareholders. Shareholders will have the opportunity to vote on both the Remuneration Policy and the Annual Report on Remuneration at the AGM on 7 May 2019. If the Policy is approved at the 2019 AGM it is intended that it will remain in place until the 2022 AGM.

I hope we can enjoy your support for these resolutions.

CAROL ARROWSMITH
COMMITTEE CHAIR

5 MARCH 2019

DIRECTORS' REMUNERATION REPORT – SUMMARY OF OUR APPROACH

OUR STRATEGY

5

WE HAVE FIVE KEY STRATEGIC OBJECTIVES:

1. To remain a responsible and respected business in the communities in which we operate;
2. To preserve our lean organisational structure and performance-driven culture;
3. To maximise the value of our existing assets;
4. To pursue growth; and
5. To maintain attractive and sustainable returns through disciplined financial management.

OUR REMUNERATION PRINCIPLES

Our approach to remuneration is intended to reflect our core values and remain consistent with our objective to be the most respected energy business in Africa.

Maintain a highly performance driven culture

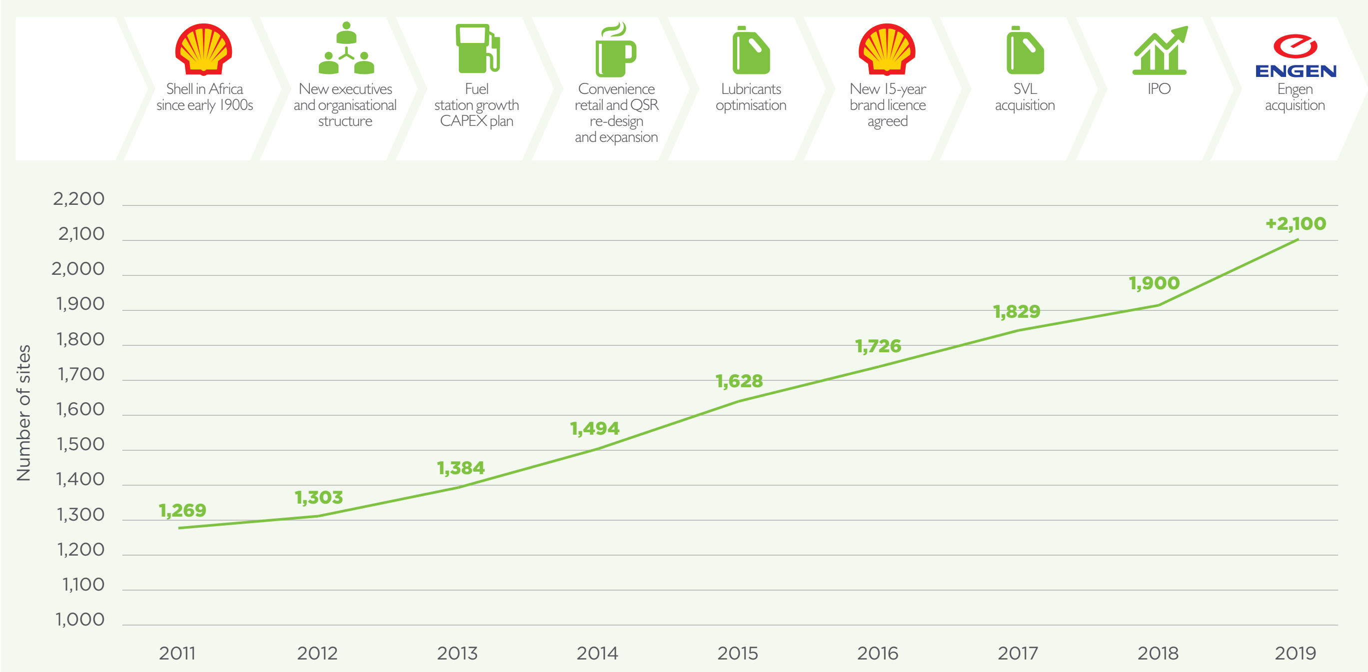
Reward for execution of strategy and align pay with shareholders interests

Reflect our values – notably on risk, HSSE and good business practice

Commitment to openness and transparency

PERFORMANCE HIGHLIGHTS

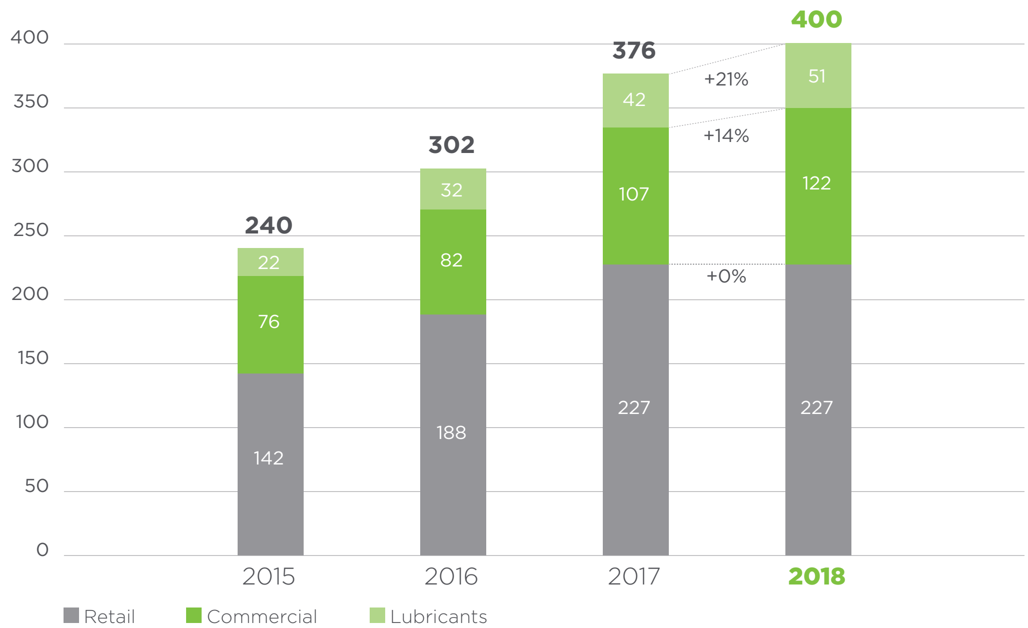
Strong performance sustained following IPO with continued investment in the future growth.



DELIVERED ANOTHER YEAR OF ADJUSTED EBITDA GROWTH

ADJUSTED EBITDA

$ in millions



KPIs

VOLUME GROWTH

+4%

ADJUSTED EBITDA

+6%

NET INCOME

+13%

REMUNERATION PACKAGE FOR EXECUTIVE DIRECTORS – FORWARD LOOKING POLICY

Simple forward-looking remuneration structure aligned with mainstream FTSE 350 practice.

	PAY ELEMENT	APPROACH	KEY DECISIONS	
FIXED PAY	BASE SALARY BENEFITS	Fixed pay levels set at competitive levels with role-appropriate benefits arrangements	No changes to base salaries for 2019: – CEO: £640,000 – CFO: £450,000 Base salaries unchanged since IPO Benefits package includes private medical care cover and life assurance Pensions capped at 10% of salary	
PAY LINKED TO PERFORMANCE	ANNUAL BONUS	Incentive linked to short-term targets	Maximum opportunity: – CEO: 200% of salary – CFO: 150% of salary	**2019 BONUS** Adjusted EBITDA (40%) Gross Cash Profit (30%) Strategic goals (30%)
PAY LINKED TO PERFORMANCE	LTIP	Incentive linked to long-term priorities	Maximum opportunity: – CEO: 250% of salary – CFO: 200% of salary Three-year performance period + two-year holding period	**2018 AND 2019 LTIP AWARDS** EPS (40%) ROACE (40%) Relative TSR (20%)

ADDITIONAL SAFEGUARDS	SIGNIFICANT SHAREHOLDINGS	DISCRETION AND JUDGEMENT	MALUS AND CLAWBACK
	Align with shareholders	Ensure pay reflects performance	Prevent payments for failure

REMUNERATION COMMITTEE GOVERNANCE

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

The Remuneration Committee operates with a delegated authority from the Board and is responsible for:

- Determining and agreeing with the Board the Remuneration Policy for the Executive Directors.
- Setting individual remuneration packages and terms and conditions for the Executive Directors and other senior executives.
- Reviewing and noting the remuneration trends and practices across the Company and taking these into account when reaching any decisions.
- Evaluating the achievement of performance conditions under the annual bonus and LTIP.
- Determining the Chairman's remuneration, though the Board itself determines the levels of fees for the Non-Executive Directors.

No individual is present when his or her remuneration is being determined.

As noted elsewhere in the Governance Report, the Company is reviewing practices in response to the 2018 UK Corporate Governance Code which comes into effect for 2019. This process of review will continue over the coming months and a further update will be provided in the 2019 Annual Report & Accounts.

MEMBERSHIP

All members of the Committee are independent Non-Executive Directors as defined by the Code.

Committee members

All members were appointed in May 2018, unless otherwise stated:

- Carol Arrowsmith – Chair
- John Daly
- Thembalihle Hixonia Nyasulu
- Christopher Rogers
- Gawad Abaza (appointed December 2018)

Biographies of all members can be found on page 62 and 63.

MEETINGS

The Committee has met four times since Admission. Details of attendance by members at Committee meetings can be found on page 66. The Committee normally invites the Chief Executive Officer, the Company Secretary and the Chief of Staff to attend appropriate elements of the scheduled meetings.

During 2018 the Committee was primarily focused on determining the new Remuneration Policy, agreeing the targets for the annual bonus plan and making the first awards under the LTIP. Going forward the Committee will develop a calendar of standard items for discussion, which will be supplemented by in-depth discussions on specific topics.

ADVISERS TO THE REMUNERATION COMMITTEE

Following a competitive tender process, the Committee appointed Deloitte to provide independent advice on executive remuneration post the IPO. Deloitte are members of the Remuneration Consultants Group and, as such, voluntarily operate under the code of conduct in relation to executive remuneration consulting in the UK. Total fees received by Deloitte in relation to the remuneration advice provided to the Committee since Admission amounted to £39,350 (fees are based on hours spent). During the year, the Committee reviewed the advice provided by Deloitte and consider it has been objective and independent.

During 2018, the Committee also received support from Freshfields Bruckhaus Deringer LLP in relation to the Legacy and IPO awards. Freshfields Bruckhaus Deringer LLP also provides legal advice to the Company.

2018 DIRECTORS' REMUNERATION REPORT

This Directors' Remuneration Report (DRR) has been prepared on behalf of the Board by the Committee in accordance with the relevant requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the 2013 Regulations).

DIRECTORS' REMUNERATION POLICY

The following sections set out our Directors' Remuneration Policy ('Policy'), which will be put forward for a binding shareholder vote at the 2019 AGM. Subject to shareholder approval, the Policy will take effect from the date of the AGM and is intended to remain in place for three years.

POLICY TABLE

FIXED PAY

BASE SALARY	
Purpose and link to strategy	Provides the fixed element of the remuneration package. Set at competitive levels against the market in order to attract and retain the calibre of executives required to execute the strategy.
Operation	Base salaries are normally reviewed annually. The Committee will consider various factors when determining salary levels, including individual contribution, business performance, role scope, practice in relevant talent markets and the range of salary increases applying across the Group.
Maximum opportunity	There is no maximum salary. However, salary increases for Executive Directors will normally be within the range of increases for the general employee population over the period of this Policy. Increases in excess of those for the wider employee population may be awarded in certain circumstances including instances of sustained strong individual performance, if there is a material change in the responsibility, size or complexity of the role, or if an individual was intentionally appointed on a below-market salary. In such circumstances, the Committee will provide the rationale for the increase in the relevant year's Annual Report on Remuneration. Details of current salary levels for Executive Directors are set out in the Annual Report on Remuneration.
Performance metrics	Not applicable.

BENEFITS	
Purpose and link to strategy	Benefits to be competitive in the market in which the individual is employed.
Operation	Can include Company benefits such as permanent health insurance, healthcare and life insurance. The Committee retains the ability to approve additional role appropriate benefits in certain circumstances (e.g. participation in all-employee share incentives, relocation allowances and expenses, expatriation allowances etc.). Benefits in respect of the year under review are disclosed in the Annual Report on Remuneration.
Maximum opportunity	There is no maximum limit. However, role appropriate benefits are capped at a suitable level reflecting the local market and jurisdiction.
Performance metrics	Not applicable.

RETIREMENT BENEFITS	
Purpose and link to strategy	Provides benefits which enable executives to plan for retirement. Retirement benefits are designed to be cost-effective and competitive in the market in which the individual is employed.
Operation	Defined contribution scheme (and/or a cash allowance in lieu thereof).
Maximum opportunity	The maximum defined contribution (or cash in lieu thereof) will be 10% of base salary. This is currently in line with retirement benefits provided to the rest of the UK employee population.
Performance metrics	Not applicable.

2018 DIRECTORS' REMUNERATION REPORT CONTINUED

VARIABLE PAY

ANNUAL BONUS	
Purpose and link to strategy	Incentivises the achievement of specific goals over the short-term that are also aligned to the long-term business strategy.
Operation	Performance measures are set by the Committee and are weighted to reflect a balance of financial, strategic and individual objectives. Following the end of the year the Committee reviews performance and determines the extent to which objectives have been achieved in order to determine the pay-out level. Executive Directors will normally be required to defer up to 50% of any resulting annual bonus into shares until the Executive Director meets the relevant shareholding requirement. The remaining balance of the annual bonus is paid in cash. Where bonuses are deferred into shares, dividend equivalents may accrue. Cash and share bonuses awarded for annual bonuses will be subject to malus and clawback. Further details of our Malus and Clawback Policy are set out on page 83.
Maximum opportunity	Maximum opportunity of 200% of salary. Currently a maximum opportunity of 200% of base salary applies to the CEO and 150% of base salary for the CFO. The pay-out for threshold performance may vary year on year depending on the nature and stretch of the target, but will normally not exceed 25% of the maximum opportunity.
Performance metrics	Bonuses for the Executive Directors may be based on a combination of financial and non-financial measures. The exact performance measures and targets for each financial year may be varied to reflect the priorities for the business. Financial measures will represent at least 50% of any award. Further details regarding bonuses for 2018 and 2019 are set out in the Annual Report on Remuneration.

LONG-TERM INCENTIVE PLAN (LTIP)	
Purpose and link to strategy	Aligns the interests of executives and shareholders by delivering shares to Executive Directors and other senior executives as a reward for delivery of long-term performance objectives aligned to the strategy.
Operation	The Committee has the authority to grant awards under the LTIP to Executive Directors. Typically they will do this every year. Awards are normally conditional on achievement of performance conditions assessed over three years. Awards to Executive Directors will normally also be subject to a holding period of two years post vesting. Details of the performance period and holding period will be disclosed in the Annual Report on Remuneration for the year in which the relevant award is made. Dividend equivalents may accrue on any shares that vest. Awards are subject to malus and/or clawback for a period of five years from the date of grant. Further details of the Malus and Clawback Policy are set out on page 83.
Maximum opportunity	The LTIP provides for a conditional award of shares (or economic equivalent) up to an annual limit of 250% of base salary. Under the plan rules an award of up to 300% of base salary can be granted in exceptional circumstances. The grant value of awards to the CEO and CFO for 2018 and 2019 are 250% and 200% of base salary respectively. The vesting level for the threshold performance hurdle may vary year on year depending on the nature and stretch of the target, but will normally not exceed 25% of the maximum opportunity.
Performance metrics	The vesting of awards is usually subject to continued employment and the Group's performance over the performance period. The Remuneration Committee will set the performance targets for each award in light of the appropriate business priorities at the relevant time. For the 2018 and 2019 award, the criteria is based on a combination of relative total shareholder return (20%), earnings per share (40%), and return on average capital employed (40%). The Committee may vary the performance measures, targets and weightings as well as the period of assessment for future awards to ensure that they continue to align with the Group's strategy.

SHAREHOLDING GUIDELINES	
Purpose and link to strategy	Alignment of Executive Directors with shareholders.
Operation	Guidelines are 200% of base salary for all Executive Directors. Shareholdings are expected to be built up and maintained over the course of tenure. Directors are also expected to maintain an interest in Company shares after they leave the Company. Further detail regarding the guideline and current holdings are shown on page 94 of the Annual Report on Remuneration.

PERFORMANCE CRITERIA FOR INCENTIVES – SELECTING MEASURES, TARGET SETTING AND ASSESSMENT

Performance criteria for annual bonus and LTIP awards are designed to support the execution of the short-term and long-term business strategy and to provide alignment with our shareholders' interests. The combination of financial, strategic and individual objectives enables the Committee to achieve a balanced assessment of performance.

Performance targets for each award are intended to be suitably challenging, taking into account internal and external forecasts, as well as market conditions and the strategic ambitions and risk appetite of the Group. Outcomes at the maximum level are intended to represent exceptional performance.

Further details of the current performance measures and targets for bonus and LTIP awards are set out in the Annual Report on Remuneration.

Consistent with best practice, the Remuneration Committee will seek to ensure that outcomes from incentive plans suitably reflect performance. As well as exercising suitable judgement when assessing performance, the Committee may exercise discretion and make adjustments to any formulaic results, if the outcome is not considered to be appropriate or is not reflective of overall performance over the relevant period. When making this judgement, the Committee has scope to consider any such factors as it deems relevant in the circumstances. To ensure that awards continue to operate in the manner intended, the Committee may also adjust the targets for awards or the calculation of performance measures and vesting outcomes for certain events (e.g. major acquisition).

MALUS AND CLAWBACK

Prior to vesting, the Committee may cancel or reduce cash or the shares resulting from the annual bonus, LTIP and IPO Share Awards if certain events occur. Such events include, but are not limited to:

- material misstatement of the Company's financial accounts;
- a material failure of risk management by the Company or any Group company;
- an error in calculation of any awards based on false or misleading information;
- gross misconduct by the relevant participant;
- any action or omission on the part of a participant resulting in serious reputational damage to the Company, any member of the Group; and
- a serious breach or non-observance of any code of conduct, policy or procedure operated by the Group.

ILLUSTRATION OF THE REMUNERATION POLICY

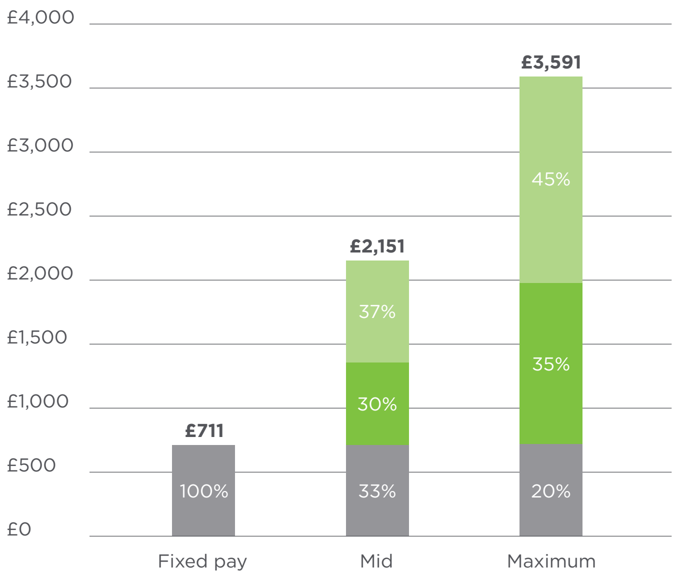
The Executive Directors' remuneration arrangements have been designed to ensure that a significant proportion of pay is dependent on the delivery of stretching short-term and long-term performance targets, aligned with the creation of sustainable shareholder value and the delivery of the Group's objectives. The Committee considers the level of remuneration that may be received under different performance outcomes ensures that this is appropriate in the context of the performance delivered and the value added for shareholders.

The charts that follow provide illustrative values of the ongoing annual remuneration package for Executive Directors in 2019 under three assumed performance scenarios.

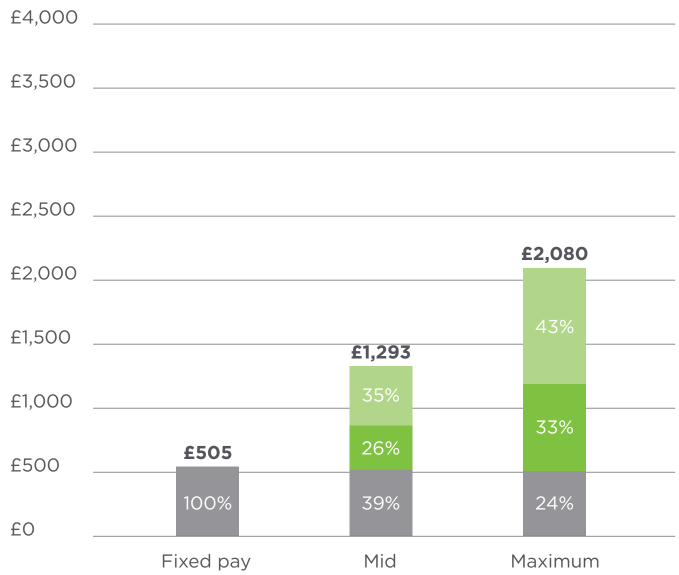
These charts are for illustrative purposes only and actual outcomes may differ from those shown.

ILLUSTRATION OF THE REMUNERATION POLICY

CHRISTIAN CHAMMAS



JOHAN DEPRAETERE



- Fixed pay
- Annual bonus
- LTIP

Notes

The charts have been prepared using the following assumptions:

	Component	Minimum	Mid	Maximum
Fixed pay	Base salary	Base salary as at 1 January 2019		
	Pension	10% of base salary		
	Benefits	Annualised benefits provided in 2018		
Variable pay	Annual bonus	NIL	50% of maximum (CEO: 100% of salary; CFO: 75% of salary)	100% of maximum (CEO: 200% of salary; CFO: 150% of salary)
	LTIP	NIL	50% of maximum (CEO: 125% of salary; CFO: 100% of salary)	100% of maximum (CEO: 250% of salary; CFO: 200% of salary)

Note: The illustrations are based on ongoing future remuneration arrangements during the life of the Remuneration Policy and therefore do not include arrangements adopted prior to IPO.

Impact of share price increase

As LTIP awards are granted in shares, the value of the award can vary significantly depending on the extent to which the performance criteria are achieved and the movement of the share price over the relevant vesting and holding period. For example, if the share price increased by 50% over the relevant vesting and holding period, the maximum values shown in the charts above would increase to £4.4 million for Christian Chammas and £2.8 million for Johan Depraetere. Similarly, if the share price was to fall by 50%, the maximum values shown in the charts above would reduce to £2.5 million for Christian Chammas and £1.6 million for Johan Depraetere.

RECRUITMENT POLICY

When determining remuneration for a new Executive Director, the Remuneration Committee will consider the requirements of the role, the needs of the business, the relevant skills and experience of the individual and the external talent market relevant to the role. Normally the Committee would seek to align the new Executive Director's remuneration package to the remuneration policy.

Base salary and benefits (including pension) will be determined in accordance with the policy table. If an individual is appointed on a base salary below the desired market positioning, the Committee retains the ability to re-align the base salary over time, reflecting development in the role, which may result in a higher rate of annual increase.

Where necessary, additional benefits may also be provided (e.g. relocation support, tax equalisation). In addition for an overseas appointment, the Committee may offer cost-effective benefits and pension provisions, which reflect local market practice and relevant legislation.

Notice periods in service contracts for any new appointment would not exceed 12 months.

Incentive opportunities (excluding any buy-out) will be consistent with the policy. As noted in the LTIP policy table, in exceptional circumstances a maximum LTIP award of up to 300% of base salary may be granted in accordance with the LTIP rules. The Company would provide clear disclosure regarding any such awards. The Committee may tailor the targets for initial incentive awards to reflect the circumstances on recruitment.

The Committee may consider buying out remuneration forfeited by an executive on joining the Company. Any such buy-out will be of comparable commercial value to the arrangements forfeited and capped as appropriate. When determining the terms of the buy-out award, the Committee may tailor the terms, taking into account the structure, time horizons, value and performance targets associated with arrangements forfeited. The Committee may also require the appointee to purchase shares in the Company in accordance with its shareholding policy. The Committee would subsequently provide suitable disclosure regarding any such award granted on recruitment to the Board.

Where an individual is appointed to the Board as a result of internal promotion or following a corporate transaction (e.g. following an acquisition), the Committee retains the ability to honour any legacy arrangements agreed prior to the individual's appointment to the Board.

On the appointment of a new Non-Executive Chairman or Non-Executive Director, the terms and fees will normally be consistent with the fee policy.

2018 DIRECTORS' REMUNERATION REPORT CONTINUED

EXECUTIVE DIRECTORS: SERVICE CONTRACTS AND LOSS OF OFFICE PROVISIONS

Notice Period	Six months' notice from the Company or the Executive Director.
Termination Payments	The Company will also be entitled to terminate an Executive Director's service agreement with immediate effect by making a payment in lieu of notice, equal to (i) the base salary that would have been payable, and (ii) the cost that would have been incurred in providing the Executive Director with the contractual benefits which the Executive Director would have been entitled to receive during the notice period. The Company can alternatively, in its sole discretion, continue to provide such contractual benefits instead of paying a sum representing their cost. The payment in lieu of notice may be subject to mitigation and therefore payable in equal monthly instalments over the notice period, conditional on the relevant Executive Director making reasonable efforts to secure alternative employment or engagements. Certain benefits in connection with departure (e.g. legal costs, outplacement costs) may be payable in certain circumstances.
Incentive Awards	The treatment of incentive awards will depend on the circumstances of departure. Normally no bonus is payable if, on the date on which any bonus is paid, the Executive Director has (i) left the Company, (ii) given or received notice of termination, or is (iii) under suspension for disciplinary matters which could result in dismissal. In certain circumstances, the Committee may determine that a departing executive will retain the ability to earn a bonus award subject to performance and time pro-rating to reflect the period employed. Any bonus deferred into shares will normally be released at the end of the deferral period, unless the Committee determines otherwise. Unvested long-term incentive awards will normally lapse on termination, unless the Committee determines that an Executive Director is deemed to be a 'good leaver'. For good leavers, any unvested awards may run until the normal vesting date, with any vesting normally on a time apportioned basis and subject to the achievement of the performance conditions. If the Committee thinks there are circumstances that justify it, the Committee may release shares early, having regard to performance achieved to the date of leaving, if applicable.
Restrictive Covenants	Executive Directors will be subject to a confidentiality undertaking without limitation in time, and non-solicitation and non-compete restrictive covenants for a period of 12 months after the termination of their employment.
Change of Control	No special contractual provisions apply in the event of change of control.
External Appointments	Executive Directors may accept up to one position as a non-executive director of another publicly listed company, subject to prior approval from with Board. Executive Directors are not entitled to accept a position as an executive director in any company that is not a Group Company. Any fees from such an appointment may be retained by the Executive Director.

The Executive Directors' service contracts are available for inspection by shareholders at the Company's registered office.

LEGACY INCENTIVES AND IPO AWARDS

Details of legacy arrangements for the Executive Directors and other senior managers agreed prior to IPO were included in the Prospectus on Admission and are also detailed in the Annual Report on Remuneration. For the avoidance of doubt, they do not form part of this forward-looking Remuneration Policy and no further awards will be granted under these plans.

IPO CASH AWARDS	
Operation	In recognition of the significant contribution made prior to Admission, cash bonuses were paid to Executive Directors shortly prior to Admission (the 'IPO Bonuses'). The IPO Bonuses were conditional upon each of the Executive Directors using the after-tax amount to subscribe for shares at the Offer Price shortly following Admission. The Executive Directors subscribed for shares accordingly. The shares are subject to a 'no-sale' agreement of a maximum of three years from the date of Admission, with one third of the shares being released from the agreement on each of the first, second and third anniversaries of the date of Admission. No further awards will be granted to Executive Directors under this plan.

IPO SHARE AWARDS	
Operation	Prior to IPO it was agreed that one-off awards would be granted under the 2018 IPO Plan as soon as practicable after Admission (the 'IPO Share Awards'). The IPO Share Awards were formally granted as nil-cost options over shares which will vest, subject to achievement of specified performance conditions. The performance targets relate to consolidated gross cash profit and adjusted net income. Awards are scheduled to vest in three equal tranches on the first, second and third anniversary of Admission. Dividend equivalents may accrue on any vested shares. Further details are set out in the Annual Report on Remuneration. No further awards will be granted to Executive Directors under this plan.

2018 DIRECTORS' REMUNERATION REPORT CONTINUED

NON-EXECUTIVE DIRECTOR REMUNERATION	
Purpose and link to strategy	To attract and retain high calibre individuals by offering market competitive fee arrangements.
Operation	Non-Executive Directors receive a basic fee in respect of their Board duties. Additional fees are paid to Non-Executive Directors for additional Board responsibilities, including Chairmanship of Board Committees. The Chairman receives an all-inclusive fee for the role. The Remuneration Committee sets the remuneration of the Chairman, whilst the Board as a whole is responsible for determining Non-Executive Director fees. Fees are typically reviewed annually. Where appropriate role-appropriate benefits may be provided. This may include travel and other expenses incurred in the performance of Non-Executive duties for the Company, which may be reimbursed or paid for directly by the Company, as appropriate, including any tax due on the benefits.
Maximum Opportunity	Fee levels are capped in accordance with the Articles of Association. Current fee levels can be found on page 89. Fees are set at a level, which is considered appropriate to attract and retain the calibre of individual required by the Company. These fees are the sole element of Non-Executive remuneration and they are not eligible for participation in Group incentive awards, nor do they receive any retirement benefits.

The Chairman's appointment may be terminated at any time by either side by giving six months' written notice or in accordance with the articles. The Non-Executive Directors' appointments may be terminated at any time by either side, giving one month's written notice or in accordance with the articles.

The Chairman's appointment and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office.

DETAILED PROVISIONS

The Committee may adjust or amend incentive awards only in accordance with the provisions of the relevant plan rules. This includes making adjustments to awards to reflect one-off corporate events, such as a change in the Company's capital structure. In accordance with the plan rules, awards may be settled in cash rather than shares, where the Committee considers this appropriate (e.g. to comply with local securities law). For the avoidance of doubt, the Company intends to settle LTIP awards in shares in the normal course of events and would clearly explain the reasons for any cash settlement.

The Committee may approve payments to satisfy commitments agreed prior to the implementation of this Policy. This includes previous incentive awards that are currently outstanding and unvested (e.g. IPO Share Awards). The Committee may also approve payments outside of this Policy, in order to satisfy any legacy arrangements made to a Director prior to (and not in contemplation of) promotion to the Board of Directors.

The Committee may make minor amendments to the Remuneration Policy to aid its operation or implementation without seeking shareholder approvals (e.g. for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) provided that any such change is not to the material advantage of the Board of Directors.

REMUNERATION POLICY FOR WIDER WORK FORCE

Historically a key feature of the Company's operating model has been a strong pay for performance ethos, which runs through the entire organisation, from the CEO to every employee in the Group. The Committee endorses this approach to remuneration and will support the Executive Directors and senior executives in ensuring this remains in place. The Committee will be annually updated on how this model is operating and has oversight of the budget, its distribution for annual pay increases and how incentive plans are assessed and pay-outs determined.

CONSIDERATION OF SHAREHOLDER VIEWS

The Company places significant value on engagement with our major shareholders and we seek to ensure that shareholders clearly understand key decisions relating to executive pay. Details of pay arrangements for Executive Directors were discussed with major shareholders ahead of the IPO and disclosed in the Admission documentation. In addition, prior to end of the year, the Remuneration Committee engaged with major shareholders and the leading investor bodies regarding our approach to pay to ensure that their feedback could be taken into account before this Remuneration Policy was finalised. Shareholders taking part in the consultation process were generally supportive of the proposed approach.

The Remuneration Committee did not directly engage with the workforce prior to determining the Directors' Remuneration Policy. However, the Company does place significant value on the views of employees and there are a number of mechanisms in place to obtain feedback. The Company undertakes regular employee engagement surveys which cover a range of topics including HR matters. During the year the Remuneration Committee was also provided with various briefings related to pay and reward practices across the wider business.

ANNUAL REPORT ON REMUNERATION

This section of the Directors' Remuneration Report sets out how the Policy has been applied in the year and how it will be applied in the coming year. In accordance with the legislative requirements, this report will be subject to an advisory shareholder vote at the 2019 AGM. Sections of this report that are subject to audit in line with disclosure regulations have been flagged below.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR 2019

The following table summarises how remuneration arrangements will be operated for 2019.

EXECUTIVE DIRECTORS

Salary and benefits

– The Committee has determined that salaries for the Executive Directors will remain unchanged for 2019

	Salary	Increase
Christian Chammas	£640,000	NIL
Johan Depraetere	£450,000	NIL

– The Company contributes an amount equal to 10% of salary to a defined contribution scheme.
– There are no changes to benefits or retirement benefits for 2019.

Annual Bonus

– The maximum opportunity remains unchanged at 200% of base salary for the CEO and 150% for the CFO.
– The performance targets will remain weighted 70% on financial performance and 30% on non-financial performance.
– As the targets are financially sensitive they are not disclosed at this time, but the Company will look to provide full disclosure in next year's Remuneration Report, unless these remain commercially sensitive.
– Under the Remuneration Policy, up to 50% of any bonus achieved will be deferred in shares until the Executive Director achieves their shareholding requirement.

LTIP

– LTIP awards for 2019 will remain unchanged at 250% of base salary for the CEO and 200% for the CFO.
– Performance will be measured over the three-year period from 1 January 2019 to 31 December 2021. Awards will also be subject to a two-year holding period.
– Awards will remain conditional on achievement of stretching performance targets based on EPS, ROACE and TSR.

2019 awards	NIL	20% of element vests	50% of element vests	100% of element vests
EPS (40%) Compound annual growth	Less than 6% per annum	6% per annum	8% per annum	12% per annum
ROACE (40%) Weighted average over performance period	Less than 16%	16%	18%	20%
Relative TSR (20%) v. FTSE 350 (excluding financial services)	Below Median	Median	–	Upper-quartile

NON-EXECUTIVE DIRECTORS

Fee policy

– The fees for the Chairman and Non-Executive Directors remain unchanged for 2019:

Role	Fee
Chairman	£275,000
Basic fee for Non-Executive Directors	£62,500
Additional fee for Senior Independent Director	£15,000
Additional fee for Chair of a Board Committee	£15,000

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

EXECUTIVE DIRECTORS

The following table sets out the total remuneration for the Executive Directors for the year ended 31 December 2018.

The Company listed in May 2018 and therefore, consistent with the legislative requirements, the single figure disclosure for 2018 covers the period from Admission, being the date from which Vivo Energy plc became the Parent Company of the Group. For transparency, the notes to the table include details of the bonus for the full year, including the bonus relating to the period prior to Admission. The first awards under the LTIP were granted in August 2018 and will vest in 2021, therefore no value is shown for the current financial year.

In addition to the above, the table also includes details of certain legacy arrangements agreed prior to Admission. Although these awards have been included in the single figure for the year, they do not form part of the forward looking package. Further details of all legacy arrangements were set out in the Prospectus on Admission and have also been detailed on page 94.

As the Company was a newly listed company during 2018, there is no disclosure of prior year information.

	Christian Chammas FY18 (£000s)	Johan Depraetere FY18 (£000s)
Salary[1]	423	299
Benefits[1]	4	7
Retirement benefits[1]	42	30
Annual bonus[2]	609	323
Long-Term Incentive Plan[3]	–	–
Legacy incentives: IPO Share Award[4]	467	328
Total including Legacy incentives	**1,545**	**987**
Less: Legacy incentives	(467)	(328)
Total	**1,078**	**659**

1 Base salaries, benefits and retirement benefits are shown from 10 May 2018.

2 Annual bonus is for the period from 10 May 2018. The full bonuses for 2018 (including the period 1 January to 9 May 2018) were as follows: Christian Chammas: £826,993 and Johan Depraetere: £466,822. These bonuses will be paid wholly in cash as the shareholding requirement has already been met.

3 No awards vested under the Long-Term Incentive Plan in 2018.

4 The first tranche of this legacy award will vest in May 2019. An estimated value of the first tranche of this award has been shown based on the average share price over the fourth quarter of 2018 (117 pence). Further details are set out below.

Additional notes to the table

Salary

On Admission the salary for the Chief Executive Officer was £640,000 and the Chief Financial Officer was £450,000. As noted above, salaries for Executive Directors will remain unchanged for 2019.

Benefits

The benefits consist of private medical cover. Directors also receive life assurance.

Retirement benefits

The retirement benefits represents the Company's contribution to the Executive Directors' retirement planning at a rate of 10% of base salary. This benefit level is consistent with the level provided to other UK employees.

Annual Bonus – 2018

The Executive Directors' annual bonus targets for 2018 were set against a combination of financial and non-financial performance measures.

The measure for financial performance was Adjusted EBITDA and was weighted at 70% of the bonus opportunity. The remaining 30% was based on a number of non-financial objectives.

Details of the performance targets and the outcomes are set out on the next page.

FINANCIAL PERFORMANCE – 70% OF THE AWARD

	0% payment	42% payment	70% payment	Achieved	Outcome
Adjusted EBITDA	$376m	$400m	$425m	$400m	42%

STRATEGIC AND INDIVIDUAL OBJECTIVES – 30% OF THE AWARD

CHRISTIAN CHAMMAS — **FINAL ACHIEVEMENT: 30%**

Area	Focus	Outcome
HSSE	Demonstrate focus on and personal leadership of the HSSE agenda. TRCF: Target 0.7 Spills >100kg: Target 6	TRCF: Actual 0.192 Spills > 100kg: Actual 2
Governance and Compliance, Regulatory and Shareholder relationships	Demonstrate that regulators and shareholders have confidence that the Company is properly governed and managed post IPO.	Required governance and LSE and JSE standards in place.
IPO	Deliver IPO, leading transition to plc.	Delivered successful IPO, necessary governance of the Company in accordance with premium listed LSE standards.
Engen	Deliver Engen deal and carve-out of DRC.	Deal completed. Engen integration with VE scheduled for 1 March 2019.
Human capital	Lead the development of succession plans for the next levels of management and leadership, so that the Board have clear visibility and plans for succession to all senior roles.	Succession plans in place for senior roles. For roles below Directors, plans reviewed on a six months cycle by the Executive Committee.
Personal development	Fulfil 'new' role as CEO of a plc.	Excellent transition to the CEO role of a UK listed plc post IPO, delivering the planned results in a tough business environment, whilst also delivering the IPO.

JOHAN DEPRAETERE — **FINAL ACHIEVEMENT: 30%**

Area	Focus	Outcome
Leadership of the Finance function	Lead the finance function through the IPO and ensure that the transition of all the sections from pre to post IPO were delivered in a timely and accurate way. This encompassed internal and external reporting, treasury and cash flow management, credit management, CAPEX, tax and internal control frameworks.	Successfully and accurately completed, within the set timeframes.
IPO	Deliver IPO including the linked financing RCF. Prepare the Prospectus and Equity story.	IPO delivered including RCF. Prospectus and Equity story delivered at a high standard.
PLC reporting	Deliver post IPO plc reporting deliverables for both interim and full year: account closing, results preparation and the financial announcements.	On time & effective delivery.
Company development	Develop the Investor relations function.	Successfully established and resourced with high calibre individual.
Engen	Plan and 'getting ready' the Engen finance and IT integration. Deliver the DRC carve-out negotiation.	All in ready state for March go-live. DRC carved out at favourable terms.
Personal Development	Fulfil 'new' role as Executive Director of a plc and CFO of public company.	Meeting all expectations. Ongoing.

OVERALL OUTCOME

	Outcome
Christian Chammas (maximum – 200% of salary)	72%
Johan Depraetere (maximum – 150% of salary)	72%

As the Group delivered an adjusted EBITDA outcome of $400 million this element paid out at 42% of maximum. As detailed above the remaining 30% of the bonus for 2018 was focused on a number of key strategic, operational and leadership priorities. The performance factors considered by the Committee as part of their assessment are summarised in the table above. Based on the Committee's assessment, it was determined that this element should pay out in full. The Committee is satisfied that the outcome for the year represents a fair reflection of overall performance.

2018 DIRECTORS' REMUNERATION REPORT CONTINUED

LONG-TERM INCENTIVE PLAN ('LTIP')

No awards vested under the LTIP in 2018 and consequently no figure is shown in the single figure table on page 90.

LTIP AWARDS GRANTED IN 2018

The first awards under the LTIP were made during 2018. These awards were granted in the form of nil cost options over Vivo Energy plc shares, with the number of shares that may vest conditional upon performance to the end of the 2020 financial year. Awards to Executive Directors will also be subject to an additional two-year holding period.

The 2018 LTIP awards are subject to performance targets based on Earnings per Share ('EPS'), Return on Adjusted Capital Employed ('ROACE') and Relative Total Shareholder Return ('Relative TSR'). The Committee determined that this mix of performance measures ensured focus on delivery of strategic and operational goals, management of capital within the business, which is a key strategic focus and alignment with shareholder value creation.

Details of the performance measures with their weightings and targets are shown below:

2018 – 2020	Weighting	NIL	20% of element vests	50% of element vests	100% of element vests
EPS Compound annual growth	40%	Less than 6% per annum	6% per annum	8% per annum	12% per annum
ROACE Weighted average over performance period	40%	Less than 16%	16%	18%	20%
Relative TSR v. FTSE 350 (exc. financial services)	20%	Below Median	Median	–	Upper-quartile

Note: There is straight line vesting between the points shown in the table.

The following table provides details of the awards made on 8 August 2018:

Name	Number of Shares Awarded	Face value at grant (£000s)	End of performance period
Christian Chammas	1,081,081	1,600	31 December 2020
Johan Depraetere	608,108	900	31 December 2020

Notes: The number of shares under award was based on a share price of 148 pence. For the 2018 year, awards to Christian Chammas represent 250% of base salary and awards to Johan Depraetere represent 200% of base salary.

LEGACY INCENTIVES – IPO SHARE AWARDS

As detailed in the Admission documents, prior to Admission it was agreed that one-off share awards would be granted to the Executive Directors and other senior executives shortly after IPO (the 'IPO Share Awards'). The terms of these awards including award levels and performance criteria were determined prior to Admission. These awards were structured as nil-cost options to vest, subject to the performance conditions, in three equal tranches on the first, second and third anniversaries of Admission.

As previously stated, these awards were one-off in nature, and therefore will not be replicated in future years.

The number of shares under each award were determined prior to Admission. The Executive Directors have awards over the following number of shares:

Name	Number of Shares Awarded
Christian Chammas	1,197,860
Johan Depraetere	842,245

Each tranche of the IPO Share Awards is subject to targets relating to gross cash profit and adjusted net income. These targets are equally weighted.

The first tranche will be eligible for vesting in May 2019. The performance targets for this award were gross cash profit of $680.3 million and adjusted net income of $176.7 million. The Group delivered gross cash profit of $679.6 million and adjusted net income of $177.7 million, and therefore this tranche is expected to vest at 99.96% of maximum on the first anniversary of Admission. For the purposes of the single figure table, the amount shown is based on the number of shares expected to vest in May 2019 based on the average share price over the fourth quarter of 2018 (117p). The second and third tranches will be based on performance to 31 December 2019 and 2020 respectively. The targets for these awards will be disclosed on a retrospective basis in the 2019 and 2020 Remuneration reports as they are deemed commercially sensitive.

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

NON-EXECUTIVE DIRECTORS

The following table sets out the total remuneration for the Chairman and the Non-Executive Directors for the year ended 31 December 2018. This comprises the total remuneration received by them since their individual appointment dates.

2018	
Director	**Total £000**
John Daly	181
Thembalihle Hixonia Nyasulu	50
Christopher Rogers	50
Carol Arrowsmith	50
Gawad Abaza	5
Temitope Lawani[1]	–
Javed Ahmed[1]	–
Total	**336**

1 The Non-Executive Directors nominated by Vitol and Helios, subject to the Relationship Agreement, do not receive any fees.

DIRECTORS' APPOINTMENT DATES

Director	Date of Appointment
Christian Chammas	2 January 2012[1]
Johan Depraetere	6 April 2012[1]
Temitope Lawani	16 March 2018
Javed Ahmed	12 March 2018
John Daly	20 April 2018
Thembalihle Hixonia Nyasulu	20 April 2018
Christopher Rogers	22 April 2018
Carol Arrowsmith	20 April 2018
Gawad Abaza	1 December 2018

1 Original appointment dates.

2018 DIRECTORS' REMUNERATION REPORT CONTINUED

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED)

The table below sets out the Directors' and their connected persons' share interests in the ordinary shares of the Company. Executive Directors are expected to build up and maintain a shareholding of at least 200% of salary in Vivo Energy shares. This policy will apply to both the current Executive Directors as well as any future appointments to the Board.

As at the year-end, both Executive Directors have interests in shares which substantially exceed the minimum shareholding guideline. There have been no changes in the interests of each Director between 31 December 2018 and the date of this report.

In line with the 2018 Code, the Committee has adopted a post-employment shareholding guideline. Following departure, Executive Directors will be required to hold two times base salary for a period of 12 months, reducing to one times base salary for a further 12 months.

Director	Shares owned outright at 31 December 2018[1]	IPO Cash Award[1]	IPO Share Awards (subject to performance conditions)[2]	LTIP (subject to performance conditions)
Temitope Lawani	13,152,630	n/a	n/a	n/a
Christian Chammas	5,848,593	894,434	1,197,860	1,081,081
Johan Depraetere	4,582,172	669,585	842,245	608,108
John Daly	216,666	n/a	n/a	n/a
Thembalihle Hixonia Nyasulu	22,000	n/a	n/a	n/a
Christopher Rogers	30,303	n/a	n/a	n/a
Carol Arrowsmith	37,878	n/a	n/a	n/a
Javed Ahmed	n/a	n/a	n/a	n/a
Gawad Abaza	n/a	n/a	n/a	n/a

1 As disclosed in the Prospectus, one-off cash awards were made to Executive Directors on Admission. The cash amount was communicated before Admission and the net amount was used to subscribe for shares at the IPO offer price shortly following Admission. Shares are released from the 'no-sale' agreement in three equal tranches on the first, second and third anniversaries of Admission.

2 As disclosed in the Prospectus, it was agreed prior to Admission that one-off share awards would be granted to Executive Directors shortly after the IPO. These awards, which were granted as nil-cost options, will vest, subject to performance conditions, in three equal tranches at the first, second, and third anniversaries of Admission. Further details are provided on page 87.

DILUTION

The Company ensures that the level of shares granted under the Company's share plans and the means of satisfying such awards remain within best practice guidelines so that dilution from employee share awards does not exceed ten per cent of the Company's issued share capital for all-employee share plans and five per cent in respect of executive share plans in any ten-year rolling period. The Company will monitor dilution levels on a regular basis.

LEGACY INCENTIVES

As detailed in the Prospectus on Admission, the Executive Directors participated in various legacy incentive arrangements which relate to performance prior to Admission. As these Legacy awards do not relates to qualifying services during the period under review, they are not included in the single figure table of remuneration. However, in the interest of full transparency, the key details from the prospectus regarding these legacy interests have been replicated below.

SVL Phantom Option Awards

Executive Directors and other senior executives were granted phantom option awards by Shell and Vivo Lubricants B.V. ('SVL') in 2012. These awards became fully exercisable on Admission, but the option holders agreed to amend the terms such that they would receive a cash payment. As detailed in the Prospectus, the total net cash payment was agreed based on performance prior to IPO and equated to total awards of $1,458,654 to Christian Chammas and $1,201,244 to Johan Depraetere. The payment was delivered in two tranches: (i) 75% in April 2018; and (ii) 25% in December 2018.

All payments to Executive Directors under this plan have now been made, and there are no further outstanding interests under this plan.

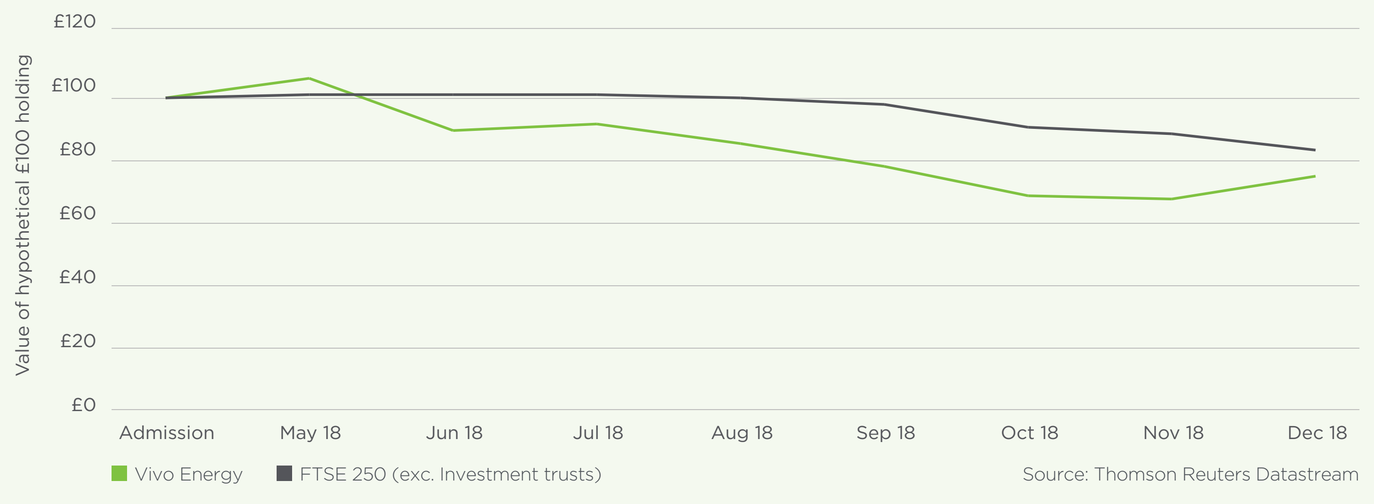
IPO Cash Awards

Prior to IPO, the Executive Directors were paid cash bonuses by Vivo Energy Holding B.V. to the gross amount of $3,787,000 for Christian Chammas and $2,835,000 for Johan Depraetere, in consideration of work completed over a multi-year period to position the Group for the IPO. Although all amounts were paid prior to IPO, the Executive Directors were required to invest the net cash proceeds into shares in Vivo Energy plc. These shares are subject to sale restrictions but are not subject to continuing employment. The sale restrictions lift in equal tranches on the first, second and third anniversaries of Admission. As detailed in the table above, Christian Chammas and Johan Depraetere acquired a total of 894,434 and 669,585 shares respectively using the proceeds from IPO Cash Award. As at the year-end these shares continued to be held in full.

PERFORMANCE GRAPH AND TABLE

The graph below shows the TSR of the Company and the UK FTSE 250 index since the Admission of the Company to 31 December 2018. The FTSE 250 index was selected on the basis that the Company has been a member of the FTSE 250 in the UK since 24 September 2018.

COMPANY PERFORMANCE



Given that the Company has only been publicly listed since 10 May 2018, the following table sets out the CEO's pay since Admission:

£'000 CEO remuneration	2018
CEO single figure of remuneration	1,545
Annual bonus payout (% of Maximum)	72%
Long-term incentive payout (% of Maximum)	99.96%[1]

1 First tranche of the IPO Share Awards. No LTIP awards have vested since Admission.

PERCENTAGE CHANGE IN CEO REMUNERATION

This section is not applicable as the Company only listed in May 2018 and as such there is no prior year comparative to be shown.

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table shows the relationship between distributions to shareholders and the total remuneration paid to all employees since the Admission of the Company up to 31 December 2018.

As the Company only listed in May 2018, there is no comparative information for the prior year.

$'000	2018
Shareholder distributions	23,805
Total employee expenditure	175,795

At the 2019 AGM, shareholders will be invited to vote on the Annual Remuneration Report for 2018 and the proposed Remuneration Policy for 2019 (binding vote).

Approved by the Board and signed on its behalf

CAROL ARROWSMITH
CHAIR OF THE REMUNERATION COMMITTEE

5 MARCH 2019

DIRECTORS' REPORT

The Strategic Report is a requirement of the Companies Act 2006 (the 'Act') and can be found on pages 8 to 55. The Company has chosen, in accordance with section 414C(11) of the Act, and as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' Report. Certain information that fulfils the requirements of the Directors' Report can be found elsewhere in this document and is referenced to below. This information is incorporated into this Directors' Report by reference.

The Directors present their report for the year ended 31 December 2018:

COMPANY DETAILS AND CONSTITUTION

Vivo Energy plc is a company incorporated in England and Wales with company number 11250655. The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders.

DIRECTORS' REPORT CONTENT

The Strategic Report, the Corporate Governance Report and Directors' Remuneration Report are all incorporated by reference into this Directors' Report and should be read as part of this Report.

MANAGEMENT REPORT

For the purposes of Disclosure Guidance and Transparency Rule ('DTR') 4, the Strategic Report and this Directors' Report on pages 8 to 99 comprise the Management Report.

RESPONSIBILITY STATEMENT

As required under the DTRs, a statement made by the Board regarding the preparation of the financial statements is set out on page 98 which also provides details regarding the disclosure of information to the Company's auditors and Management's report on internal control over financial information.

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement setting out how the Company complies with the Code is set out on pages 58 to 95. The information required by DTR 7.2.6R can be found on pages 97 and 98. A description of the composition and operation of the Board and its Committees is set out on pages 58 to 95.

DISCLOSURES REQUIRED UNDER LISTING RULE 9.8.4R

The Company is required to disclose certain information under Listing Rule 9.8.4R in the Directors' Report or advise where such relevant information is contained. All such disclosures can be located as follows:

Information	Location in Annual Report	Page(s)
Directors' compensation	Remuneration Report	76 to 95
Relationship agreements	Directors' Report	98
Details of long-term incentive schemes	Remuneration Report	92

The remaining disclosures required by Listing Rule 9.8.4 R are not applicable to the Company.

GOING CONCERN AND VIABILITY

The going concern statement required by the Listing Rules and the UK Corporate Governance Code (the 'Code') is set out on page 55. The longer-term viability statement is located on page 55.

SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for monitoring the Group's system of internal control and risk management and for carrying out a review of its effectiveness. In discharging that responsibility, the Board confirms that it has established the procedures necessary to apply the provisions of the Code, including clear operating procedures, lines of responsibility and delegated authority. The Board reviewed these procedures both before and after Admission.

Business performance is managed closely and the Board and the Executive Committee have established processes to monitor:

- Strategic plan achievement, through a regular review of progress towards strategic objectives;
- Monitoring and maintenance of insurance cover to insure all risk areas of the Group;
- Financial performance, within a comprehensive financial planning and accounting framework, including budgeting and forecasting, financial reporting, analysing variances against plan and taking appropriate management action;
- Capital investment and asset management performance, with detailed appraisal, authorisation and post-investment reviews; and
- The principal risks facing the Group, ensuring that they are being identified, evaluated and appropriately managed.

The Board is supported by the Audit and Risk Committee in reviewing the effectiveness of the Group's risk process and internal control systems. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and it must be recognised that it can only provide reasonable and not absolute assurance against material misstatement or loss. A robust assessment of the principal risks faced by the Company has been undertaken by the Board.

The Chief Financial Officer, with the assistance of the finance function, is responsible for the appropriate maintenance of financial records and processes. This ensures that all financial information is relevant, reliable, in accordance with the applicable laws and regulations and distributed both internally and externally in a timely manner. A review of the consolidation and financial statements is completed by the Chief Financial Officer to ensure that the financial position and results of the Group are appropriately recorded, circulated to members of the Board and published where appropriate. All financial information published by the Group is subject to the approval of the Board, on the recommendation of the Audit and Risk Committee.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Disclosures relating to financial risk management objectives and policies, including our policy for hedging are set out in note 3 to the consolidated financial statements.

FAIR, BALANCED AND UNDERSTANDABLE

The Board considers the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. There are various activities, policies and procedures in place for the Board to ensure a fair balanced and understandable Annual Report. These include, but are not limited to:

- The Annual Report and the financial statements have been prepared in accordance with the applicable reporting and regulatory frameworks, including International Financial Reporting Standards (IFRS), FRS 102, UK Companies Act 2006, UK Corporate Governance Code, the Listing Rules and the Disclosure Guidance and Transparency Rules and UK GAAP.
- Accounting policies are used company-wide to ensure accurate and correct accounting treatment. All financials are maintained according to those guidelines which ensure compliance with IFRS.
- The Company has an extensive set of internal controls covering various areas of the business. The internal control KPIs are monitored and measured on a monthly basis. The finance departments have department manuals which detail the reporting process to be followed and the controls in place to mitigate risk, these include the Finance manual, Credit & Treasury manual and Tax manual.
- Monthly reporting to the Board on financial performance.

IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

Details of those important events affecting the Group which have occurred since the end of the financial year are set out in the Strategic Report and note 32 to the consolidated financial statements.

DIRECTORS

The details of the Directors of the Company who held office during the year and up to the date of signing this report can be found on pages 60 to 63.

POWERS OF THE DIRECTORS

The powers of the Directors are determined by the Act and the Articles of Association of the Company. The Directors have been authorised to issue and allot shares. These powers are subject to annual shareholder approval at the Annual General Meeting (AGM), and at the 2019 AGM shareholders will be asked to renew and extend the authority, given to the Directors prior to the IPO, to allot shares in the Company, or grant rights to subscribe for, or to convert any security into, shares in the Company for the purposes of section 551 of the Act (the "Allotment Resolution").

The authority in the first part of the Allotment Resolution will allow the Directors to allot new shares in the Company, or to grant rights to subscribe for, or convert any security into, shares in the Company up to a nominal value which is equivalent to approximately one-third of the total issued ordinary share capital of the Company.

The authority in the second part of the Allotment Resolution will allow the Directors to allot new shares in the Company, or to grant rights to subscribe for, or convert any security into, shares in the Company, only in connection with a rights issue, up to a nominal value which is equivalent to approximately an additional third of the total issued ordinary share capital of the Company. This is in line with corporate governance guidelines. In addition, shareholders will be asked at the 2019 AGM to grant the Directors authority to disapply pre-emption rights in line with corporate governance guidelines.

On 1 March 2019, the Company issued 63,203,653 new shares to Engen Holdings (Pty) Limited pursuant to the Engen Transaction pursuant to a specific right to allot shares granted by the shareholders to the Directors before the IPO on 3 May 2018. There are no present plans to undertake a rights issue or to allot any further new shares other than in connection with the Company's share schemes and plans.

The Company did not repurchase any shares during the financial year ended 31 December 2018. At the 2019 AGM shareholders will be asked to grant authority to the Directors under section 701 of the Act to make market purchases of ordinary shares up to a maximum of 126,500,251 shares. As at 5 March 2019, the Company did not hold any shares in treasury. Any ordinary shares purchased may be cancelled or held in treasury.

DIRECTORS' INDEMNITIES

In accordance with the Company's Articles of Association and to the extent permitted by law, Directors are granted a deed of indemnity from the Company in respect of liability incurred as a result of their office. Qualifying third-party indemnity provisions (as defined by section 234 of the Act) were in force during the year ended 31 December 2018 and remain in force. In addition, the Company maintained a directors' and officers' liability insurance policy since Admission up to the date of this report. Neither the indemnity nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently.

DIRECTORS' INTERESTS

The Directors' interests in ordinary shares of the Company are shown within the Directors' Remuneration Report. No Director has any other interest in any shares or loan stock of any Group company. No Director was or is materially interested in any contract, other than under their service contract or letter of appointment, which was subsisting during or existing at the end of year and which was significant in relation to the Group's business. Please refer to 'Relationship Agreements' section for information relating to the Group's relationship with Vitol.

There are procedures in place to deal with any conflicts of interest and these have operated effectively during the year. Further details are set out on page 68.

SHARE CAPITAL

The Company's issued share capital as at the date of this Report is composed of a single class of 1,265,002,519 ordinary shares of US$0.50 each. This includes 365,502,454 ordinary shares placed with institutional investors pursuant to the Company's initial public offering which was completed on 10 May 2018. Shares in the Company were admitted to trading on the London Stock Exchange and the Johannesburg Stock Exchange, with the first day of trading having been the 10 May 2018.

SUBSTANTIAL SHAREHOLDINGS

The major shareholders of the Company are Vitol Africa B.V. and VIP Africa II B.V. (together 'Vitol') and HIP Oils Newco SARL and HIP Oil 2 B.V. (together 'Helios').

In addition, on 1 March 2019, the Company issued 63,203,653 new shares to Engen Holdings (Pty) Limited pursuant to the Engen Transaction. Further details on the transaction can be found on page 11.

Details regarding the notifications received by the Company in relation to material shareholdings pursuant to the Disclosure Guidance and Transparency Rules can be found on page 159.

DIRECTORS' REPORT CONTINUED

SHAREHOLDERS' RIGHTS
Each ordinary share of the Company carries the right of one vote at general meetings of the Company. There are no restrictions on the transfer of ordinary shares in the capital of the Company other than certain restrictions which may from time to time be imposed by law. There are no requirements for prior approval of any transfers and there are no limitations on the holding of ordinary shares in the capital of the Company.

In accordance with applicable law and the Company's share dealing policy, certain employees are required to seek approval before dealing in any Company securities.

The holders of ordinary shares are entitled to receive the Company's reports and accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. None of the shares carry any special rights with regards to control of the Company. There are no restrictions on the voting rights attaching to the ordinary shares (other than a 48-hour cut off for the casting of proxy votes prior to a general meeting).

There are no arrangements of which the Company is aware under which financial rights are held by a person other than the holder of the shares, and no known agreements relating to, or restrictions on, share transfers or voting rights.

DIVIDENDS
Full details of the Company's dividend policy and proposed final dividend payment for the year ended 31 December 2018 are set out on page 158 and note 22 to the consolidated financial statements.

RELATIONSHIP AGREEMENTS
As at 31 December 2018, Helios held 31% and Vitol held 38% of the Company's shares in issue and were therefore classified as a controlling shareholders under the Listing Rules.

Pursuant to Listing Rule 9.2.2AD(1) the Company has entered into relationship agreements with both Helios and Vitol which shall only be terminated in the event that the respective shareholder and its associates ceases to hold at least 10% of the shares in the Company, or if the Company ceases to be admitted to listing on the premium segment of the Official List and traded on London Stock Exchanges Main Market for listed securities. Throughout the period under review, the Company has complied with provisions and obligations in the relationship agreements, and as far as the Company is aware, both Helios and Vitol have also complied.

LOCK-UP ARRANGEMENTS
The Directors and the shareholders of the Company prior to Admission have each agreed to certain lock-up arrangements.

The Directors agreed that, subject to certain exceptions, during the period of 12 months from the date of Admission, they will not, without the prior written consent of the lead underwriting banks (the 'Banks'), directly or indirectly offer, issue, lend, sell or contract to sell, issue options in respect of or otherwise dispose of, directly or indirectly, or announce an offering of any ordinary shares.

Each of the other shareholders prior to Admission agreed that, subject to certain exceptions, during the period of six months from the date of Admission, they would not, without the prior written consent of the Banks, directly or indirectly offer, issue, lend, sell or contract to sell, issue options in respect of or otherwise dispose of, directly or indirectly, or announce an offering of any ordinary shares.

CHANGE OF CONTROL
The Company's subsidiary, Vivo Energy Investments B.V. has in place a credit facility agreement under which a change in control of the Company would in certain circumstances trigger prepayment provisions. In addition, the Group's brand licence arrangements and shareholders' agreement in relation to Shell and Vivo Lubricants B.V. could be subject to change of control termination provisions in limited circumstances.

The Company's share plans (including the IPO and LTIP awards granted to the Executive Directors and senior management) contain clauses which may cause options and awards to vest on a change in control, in some cases subject to the satisfaction of performance conditions at that time. The Company is not party to any other significant agreements that would take effect, alter or terminate upon a change of control following a takeover.

No Director or employee is contractually entitled to compensation for loss of office or employment as a result of a change in control.

RELATED PARTY TRANSACTIONS
The Group sources fuel products from Vitol S.A. and certain of its affiliates (together, 'Vitol Fuel') under a supply agreement. The supply agreement is a framework agreement under which Vitol Fuel is the Group's preferred supplier. Details of the transactions under the supply agreement which took place during the year, are disclosed in note 31 to the consolidated financial statements.

SUSTAINABILITY
Information about the Company's approach to sustainability is set out in the Strategic Report on page 24, which also includes details of our greenhouse gas emissions.

POLITICAL DONATIONS
No political donations were made from Admission to the financial year end. The Company's policy is that no political donations be made or political expenditure incurred.

FUTURE DEVELOPMENTS WITHIN THE GROUP
The Strategic Report contains details of possible future developments within the Group.

BRANCHES
The Group, through various subsidiaries, has two registered branches, details are included on pages 155 to 157.

EXTERNAL AUDITORS
So far as each Director is aware, there is no relevant information of which the Company's External Auditor is unaware. Each Director has taken all steps that ought to have been taken as a Director to make himself aware of any relevant audit information and to establish that PricewaterhouseCoopers LLP ('PwC') are aware of that information.

As detailed on page 75, the Audit and Risk Committee recommended, and the Board approved, the proposal that the current Auditors, PwC, be reappointed as Auditors of the Company at the AGM. Resolutions to reappoint PwC as the Company's Auditors until the conclusion of the AGM in 2020 and to authorise the Directors to determine their remuneration, will be proposed to shareholders at the AGM.

AGM
The Company's first AGM will be held at 2.00 p.m. on 7 May 2019 at the Conrad Hotel St James, 22-28 Broadway, London SW1H 0HB United Kingdom.

The Notice of the AGM contains a full explanation of the business to be conducted at the AGM and can be found on our website.

EMPLOYEE INVOLVEMENT
The Company considers it important that its employees are involved and engaged at all levels within the organisation. Management ensure that employees are updated with matters of interest through a variety of formal and informal communication channels. Further details on employee involvement can be found in the Strategic Report on page 18.

EMPLOYMENT OF DISABLED PEOPLE
The Group's policy is to provide equal opportunity for all its employees, including the consideration of all applications regardless of any disability and all efforts will be made to retain, re-train, and make adjustments for disabled colleagues employed by the business.

Further details on the employment of disabled people can be found in the Strategic Report on page 19.

MODERN SLAVERY
In compliance with the Modern Slavery Act 2016, the Company's statement on Modern Slavery can be found on our website.

The Directors' Report was approved by the Board on 5 March 2019.

By order of the Board

BEN WALKER
COMPANY SECRETARY

5 MARCH 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law.

In preparing these financial statements, the Directors are required to:

– adopt the going concern basis unless it is inappropriate to do so;
– select suitable accounting policies and then apply them consistently from year to year;
– make judgements and accounting estimates that are reasonable and prudent; and
– state whether IFRS as adopted by the EU and IFRS as issued by the IASB have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102, have been followed for the Company financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy, at any time, the financial position of the Group and the Company and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DECLARATION

Each of the Directors, whose names and functions are listed on pages 60 to 63 of the Annual Report, confirm to the best of their knowledge, that:

– the Group financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and applicable law, and give a true and fair view of the assets, liabilities, financial position and profit of the Group;
– the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
– the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and
– as at the date of this Report, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps he or she should have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Board confirms that the Annual Report and financial statements taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the strategy, position and performance and business model of the Group.

For and on behalf of the Board

CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER

5 MARCH 2019

JOHAN DEPRAETERE
CHIEF FINANCIAL OFFICER

5 MARCH 2019

FINANCIAL STATEMENTS

Here we set out our statutory accounts and supporting notes, which are independently audited and provide in-depth disclosure on the financial performance of our business.

CONTENTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion:

- Vivo Energy plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2018 and of the Group's and the Company's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report & Accounts 2018 (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 31 December 2018; the Consolidated and Company statements of comprehensive income, the Consolidated and Company statements of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

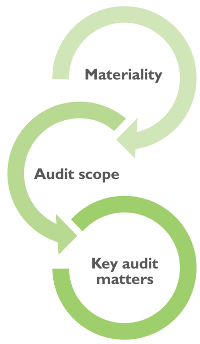
Other than those disclosed in Note 7 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 January 2018 to 31 December 2018.

OUR AUDIT APPROACH

Context

PricewaterhouseCoopers Accountants NV, have been auditors of Vivo Energy Holdings B.V., the Parent Company of the Vivo Energy Group prior to June 2018 since the year ended 31 December 2012. Following the Group's listing on the Main Market of the London Stock Exchange in May, PricewaterhouseCoopers LLP were appointed as auditors of the Group and Vivo Energy plc. In preparation of the listing Vivo Energy plc was incorporated and installed as the Group's Parent Company. PricewaterhouseCoopers Accountants NV continue to support PricewaterhouseCoopers LLP on the audit for the year ended 31 December 2018.

Overview



- Overall Group materiality: US$13.2 million, based on 5% of profit before tax and special items, including IPO costs, restructuring costs and share options.
- Overall Company materiality: US$18.0 million, based on 1% of net assets.
- We performed full scope audit work on eight operating units and audit procedures over other assets on two additional operating units. We performed procedures centrally over balances in the holding companies.
- This provided coverage of 77% revenue, 72% profit before tax, and 76% total assets.
- Tax and transfer pricing.
- Government benefits receivables.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of anti-bribery and corruption laws (see page 51 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, Listing Rules, UK tax legislation and equivalent local laws and regulations applicable to significant component teams. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors referred to in the scoping section of our report below, so that they could include appropriate audit procedures in response to such risks in their work.

Audit procedures performed by the Group engagement team and/or component auditors included:

- discussions with management, internal audit, Head of Ethics and Compliance and the Head of Forensics, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluation of management's controls designed to prevent and detect irregularities, in particular their anti-bribery controls. For example, understanding the Group's bid and contracting approval controls, the extent to which the Group's anti bribery and corruption programme is embedded in operating units, assessment of procedures associated with making one-off payments to counterparties and searching third-party sources for allegations of corruption made against the Group and its employees;
- assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters;
- reading key correspondence with regulatory authorities;

– challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to legal and tax claims and government benefits receivables (see related key audit matters below); and
– identifying and testing journal entries both at a local operating unit level and Group consolidation, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Tax and transfer pricing *Refer to Notes 2, 10, 24 and 29 in the Group financial statements.* The Group operates in a number of tax jurisdictions and recognises tax based on interpretation of local laws and regulations which are sometimes uncertain and requires interpretation. Resolution of tax positions can take several years to complete and be challenging to predict. At 31 December 2018, the Group has current and non-current tax payables of US$104.1 million. Where the amount of tax payable is uncertain, the Directors are required to exercise significant judgement in determining the appropriate amount to provide in respect of potential tax exposures and uncertain tax positions. We focused on the judgements made by management in assessing the likelihood and quantification of material exposures.	With the assistance of our local and international tax specialists, we evaluated and challenged management's judgements in respect of estimates of tax exposures and contingencies in order to assess the adequacy of the Group's tax provisions. We considered management's assessment of known areas of uncertainty and the provisions held against these. Through examination of management's analysis of these positions, including testing of detailed workings and consideration of advice received from their tax advisers, we determined that the provisions recognised and the disclosures in the financial statements were reasonable.
Government benefits receivables *Refer to Notes 2, 3 and 16 in the Group financial statements.* The Group has US$138.8 million of receivables mainly due from Morocco, Guinea, Botswana and Senegal governments against which a provision of US$15.7 million is recognised. These amounts are sometimes significantly aged and with counterparties with poor or no credit ratings (refer to Note 3). Although management has provisioning in place, it is sometimes complex as exposure is considered net of liabilities with the government counterparty (of which the Group has a legal right of offset) and ability/willingness of the government to settle the amounts is difficult to ascertain.	We considered management's assessment of the collectability of government receivables, including provisions and the legal right to offset payables and the historical accuracy of management's estimates in this area. In evaluating management's assessment, we also understood the relationship with the governments and the status of ongoing discussions. We performed procedures to confirm the accuracy of the receivables by verifying claims arising in the year to underlying records and local regulations and payments received to bank records. We considered the recoverability of these balances in light of the governments' historical track record of settling similar amounts, the credit rating of the government and evidence of the Group's efforts to achieve payment. Based on our work performed, we found the judgments and assumptions used by management in the recoverability assessment of government benefits receivables to be supportable based on the available evidence.

We determined that there were no key audit matters applicable to the Company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of 15 operating units and a number of Netherlands based holding companies. The financially significant Morocco and Kenya operating units required an audit of their complete financial information due to their size. Audits were performed over six additional operating units for coverage. In addition, audit procedures were performed by component auditors over government benefits receivables at a further two operating units. This approach ensured that appropriate audit coverage was obtained over all financial statement line items.

Where work was performed by component auditors, we determined the appropriate level of involvement we needed to have in that audit work to ensure we could conclude that sufficient appropriate audit evidence had been obtained for the Group financial statements as a whole. We issued written instructions to all component auditors and had regular communications with them throughout the audit cycle. This included a clearance meeting with each component team and review of all significant matters reported. We performed working paper reviews of the supporting firm, all significant components and other components on a rotational basis and in response to any local regulatory findings.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

In addition, the Group engagement partner visited the supporting firm team in the Netherlands and operating unit teams in Kenya and Uganda, including meeting with local audit teams and local management as part of these visits. We also visited Tunisia as part of our rotational visits programme.

Based on the detailed audit work performed across the Group, we gained coverage of 77% of total revenue, 72% of profit before tax, and 76% of total assets. None of the operating units excluded from our Group audit scope individually contributed more than 4% to consolidated revenue or 6% to profit before tax.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	US$13.2 million.	US$18.0 million.
How we determined it	5% of profit before tax and special items, including IPO costs, restructuring costs and share options.	1% of net assets.
Rationale for benchmark applied	The Group is profit-oriented, therefore it is considered most appropriate to use a profit-based benchmark. The Directors, management and the users of the Group financial statements focus on adjusted numbers, being adjusted EBITDA, adjusted EBIT and adjusted net income. The Group defines "adjusted" as excluding special items. Based on this, we consider an adjusted metric of profit before tax and special items to be the most appropriate benchmark.	The entity is a holding company of the rest of the Group and is not a trading entity. Therefore an asset based measure is considered appropriate. The strength of the balance sheet is the key measure of financial health that is important to shareholders since the primary concern for the Parent Company is the payment of dividends.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between US$12.0 million and US$3.3 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US$0.7 million (Group audit) and US$0.9 million (Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06) In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

– The Directors' confirmation on page 55 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
– The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
– The Directors' explanation on page 55 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

– The statement given by the Directors, on page 97, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
– The section of the Annual Report on page 72 describing the work of the Audit committee does not appropriately address matters Communicated by us to the Audit Committee.
– The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 99, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

APPOINTMENT

Following the recommendation of the Audit Committee, we were appointed by the Directors on 20 April 2018 to audit the financial statements for the year ended 31 December 2018 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Nicholas Stevenson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US $'000	Notes	2018	2017
Revenues	5	7,549,318	6,693,515
Cost of sales		(6,924,931)	(6,079,594)
Gross profit	5	**624,387**	**613,921**
Selling and marketing cost		(196,573)	(193,599)
General and administrative cost	7	(183,343)	(197,436)
Share of profit of joint ventures and associates	13	28,270	16,342
Other income/(expense)	8	2,769	2,686
Earnings before interest and tax (EBIT)	6	**275,510**	**241,914**
Finance income		6,145	5,423
Finance expense		(52,253)	(36,560)
Finance expense – net	9	**(46,108)**	**(31,137)**
Earnings before tax (EBT)		**229,402**	**210,777**
Income taxes	10	(83,343)	(81,124)
Net income	6	**146,059**	**129,653**
Net income attributable to:			
Equity holders of Vivo Energy plc[1]		135,155	119,717
Non-controlling interest (NCI)		10,904	9,936
		146,059	**129,653**
Other comprehensive income (OCI)			
Items that may be reclassified to profit or loss			
Currency translation differences		(19,678)	27,918
Net investment hedge gain/(loss)		6,638	(10,205)
Items that will not be reclassified to profit or loss			
Re-measurement of retirement benefits		2,888	2,652
Income tax relating to retirement benefits		(750)	(713)
Change in fair value of financial instruments through OCI	14	1,204	165
Other comprehensive income, net of tax		**(9,698)**	**19,817**
Total comprehensive income		**136,361**	**149,470**
Total comprehensive income attributable to:			
Equity holders of Vivo Energy plc[1]		125,862	136,991
Non-controlling interest (NCI)		10,499	12,479
		136,361	**149,470**
Earnings per share (US $)	21		
Basic		0.11	53.21
Diluted		0.11	52.34

US $'000, unless otherwise indicated	2018	2017
EBITDA	365,955	326,092
Adjusted EBITDA	400,208	376,128
Adjusted net income	177,712	170,592
Adjusted diluted EPS (US $)[1]	0.14	70.24

The notes are an integral part of these consolidated financial statements. Non-GAAP measures are explained and reconciled in note 6.

1 Formerly Vivo Energy Holding B.V. refer to general information (note 1).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US $'000	Notes	31 December 2018	31 December 2017
Assets			
Non-current assets			
Property, plant and equipment	11	621,756	585,171
Right-of-use assets	27	148,263	148,413
Intangible assets	12	133,962	119,993
Investments in joint ventures and associates	13	223,452	218,801
Deferred income taxes	10	36,374	42,627
Financial assets at fair value through other comprehensive income	14	7,626	6,314
Other assets	16	100,908	82,171
		1,272,341	**1,203,490**
Current assets			
Inventories	17	440,767	353,129
Trade receivables	18	443,645	412,181
Other assets	16	254,999	229,068
Income tax receivables		19,478	8,452
Other financial assets	15	3,254	–
Cash and cash equivalents	19	392,853	422,494
		1,554,996	**1,425,324**
Total assets		**2,827,337**	**2,628,814**
Equity and liabilities			
Total equity			
Attributable to equity holders of Vivo Energy plc[1]		532,959	401,546
Attributable to non-controlling interest		48,372	46,075
	20	**581,331**	**447,621**
Liabilities			
Non-current liabilities			
Lease liability	27	97,622	121,261
Borrowings	23	313,779	396,244
Provisions	24, 25	75,150	91,982
Deferred income taxes	10	51,206	51,388
Other liabilities	26	143,631	168,245
		681,388	**829,120**
Current liabilities			
Lease liability	27	13,228	12,496
Trade payables		1,060,528	868,521
Borrowings	23	286,388	258,947
Provisions	24, 25	15,177	20,866
Other financial liabilities	15	–	664
Other liabilities	26	165,196	152,409
Income tax payables		24,101	38,170
		1,564,618	**1,352,073**
Total liabilities		**2,246,006**	**2,181,193**
Total equity and liabilities		**2,827,337**	**2,628,814**

The notes are an integral part of these consolidated financial statements.

1 Formerly Vivo Energy Holding B.V. refer to general information (note 1).

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 5 March 2019 and were signed on its behalf by:

CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER

JOHAN DEPRAETERE
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders of Vivo Energy plc[1]											
					Other reserves								
US $'000	Notes	Share capital	Share premium	Retained earnings	Reserves	Retirement benefits	Currency translation difference	Fair value reserves	Equity-settled incentive schemes[2]	NCI reserves	Total	NCI	Total equity
Balance at 1 January 2018		**30**	**244,753**	**309,218**	–	**(2,294)**	**(160,226)**	**2,446**	**1,904**	**5,715**	**401,546**	**46,075**	**447,621**
Net income		–	–	135,155	–	–	–	–	–	–	**135,155**	10,904	**146,059**
Other comprehensive income		–	–	–	–	2,138	(12,635)	1,204	–	–	**(9,293)**	(405)	**(9,698)**
Total comprehensive income		–	–	**135,155**	–	**2,138**	**(12,635)**	**1,204**	–	–	**125,862**	**10,499**	**136,361**
IPO-related reorganisation impact[3]		(30)	(244,753)	(364,511)	–	2,248	152,382	(2,446)	(1,904)	(5,715)	**(464,729)**	–	**(464,729)**
Capital contribution	20	1,800,000	–	–	(1,335,272)	–	–	–	–	–	**464,728**	–	**464,728**
Director subscription	20	2,698	1,336	–	–	–	–	–	–	–	**4,034**	–	**4,034**
Capital reduction	20	(1,201,799)	1,799	–	1,200,000	–	–	–	–	–	–	–	–
Share-based expense	30	–	–	–	–	–	–	–	9,485	–	**9,485**	–	**9,485**
Dividends paid	22	–	–	(7,967)	–	–	–	–	–	–	**(7,967)**	(8,202)	**(16,169)**
Balance at 31 December 2018		**600,899**	**3,135**	**71,895**	**(135,272)**	**2,092**	**(20,479)**	**1,204**	**9,485**	–	**532,959**	**48,372**	**581,331**

		Attributable to equity holders of Vivo Energy Holding B.V.											
					Other reserves								
US $'000	Notes	Share capital	Share premium	Retained earnings	Reserves	Retirement benefits	Currency translation difference	Fair value reserves	Equity-settled incentive schemes[2]	NCI reserves	Total	NCI	Total equity
Balance at 1 January 2017		**30**	**244,753**	**473,501**	–	**(4,233)**	**(175,396)**	**2,281**	**1,814**	**5,715**	**548,465**	**39,993**	**588,458**
Net income		–	–	119,717	–	–	–	–	–	–	**119,717**	9,936	**129,653**
Other comprehensive income		–	–	–	–	1,939	15,170	165	–	–	**17,274**	2,543	**19,817**
Total comprehensive income		–	–	**119,717**	–	**1,939**	**15,170**	**165**	–	–	**136,991**	**12,479**	**149,470**
Share-based expense	30	–	–	–	–	–	–	–	90	–	**90**	–	**90**
Dividends paid		–	–	(284,000)	–	–	–	–	–	–	**(284,000)**	(6,397)	**(290,397)**
Balance at 31 December 2017		**30**	**244,753**	**309,218**	–	**(2,294)**	**(160,226)**	**2,446**	**1,904**	**5,715**	**401,546**	**46,075**	**447,621**

The notes are an integral part of these consolidated financial statements.

1 Formerly Vivo Energy Holding B.V. refer to general information (note 1).

2 Equity-settled incentive schemes include the Long-Term Incentive Plan ('LTIP') and the IPO Share Award Plan.

3 Refer to the general information (note 1).

CONSOLIDATED STATEMENT OF CASH FLOWS

US $'000	Notes	2018	2017[1]
Operating activities			
Net income		146,059	129,653
Adjustment for:			
Income taxes	10	83,343	81,124
Depreciation, amortisation and impairment	11, 12, 27	90,445	84,178
Net gain on disposals of PP&E and intangible assets	8	(1,810)	(1,573)
Share of profit of joint ventures and associates	13	(28,270)	(16,342)
Dividends received from joint ventures and associates	13	23,343	9,497
Current income tax paid		(103,422)	(114,150)
Net change in operating assets and liabilities and other adjustments	28	35,811	75,876
Cash flows from operating activities		**245,499**	**248,263**
Investing activities			
Acquisition of businesses	13	(547)	(160,173)
Purchases of PP&E and intangible assets	11, 12	(146,784)	(121,858)
Proceeds from disposals of PP&E and intangible assets	8, 11, 12	3,082	2,405
Cash flows from investing activities		**(144,249)**	**(279,626)**
Financing activities			
Proceeds from issuance of shares		525	–
Repayment of long-term debt	23	(83,809)	(116,800)
Net (repayments)/proceeds (of)/from bank and other borrowings	23	40,306	525,802
Repayment of lease liability	27	(24,736)	(18,910)
Dividends paid		(16,169)	(290,397)
Interest paid		(43,834)	(35,228)
Interest received		6,145	4,646
Cash flows from financing activities		**(121,572)**	**69,113**
Effect of exchange rate changes on cash and cash equivalents		(9,319)	16,091
Net increase/(decrease) in cash and cash equivalents		**(29,641)**	**53,841**
Cash and cash equivalents at beginning of the year		**422,494**	**368,653**
Cash and cash equivalents at end of the year	19	**392,853**	**422,494**

The notes are an integral part of these consolidated financial statements.

1 Prior year comparatives were reclassified where necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Vivo Energy plc, a public limited company, was incorporated in conjunction with a pre-IPO reorganisation on 12 March 2018 in the United Kingdom under the Companies Act 2006 (Registration number 11250655). The Company is registered in England and Wales and is limited by shares. The address of the registered office is 5th Floor, The Peak, 5 Wilton Road, London, SW1V 1AN, United Kingdom. The Company listed on the London Stock Exchange Main Market for listed securities and the Main Board of the securities exchange operated by the Johannesburg Stock Exchange by way of secondary inward listing on 10 May 2018. References to 'Vivo Energy' or the 'Group' mean the Company and Vivo Energy Holding B.V. ('VEH', the holding company of the Group until Admission), together with its consolidated subsidiaries and subsidiary undertakings. Therefore, the consolidated financial statements for the year ended 31 December 2018 are presented for the Group with continuity, including the impact of the IPO reorganisation.

Vivo Energy distributes and sells fuel and lubricants to retail and commercial consumers in Africa and trades under brands owned by the Shell group of companies and, for aviation fuels only, under the Vitol Aviation brand. Furthermore, Vivo Energy generates revenue from non-fuel retail activities including convenience retail and quick service restaurants by leveraging on its retail network.

Effective 13 June 2018, the Company completed a court-approved reduction of capital. The purpose of the reduction of capital was to provide distributable reserves which will allow the Company to make future dividend payments. Following the reduction of capital, the number of issued shares and the rights attached to those shares remained unchanged. The nominal value of the ordinary shares in the capital of the Company was reduced by $1.00 from $1.50 to $0.50.

The Group entered into a sale and purchase agreement with Engen Holdings (Pty) Limited in relation to the purchase of shares in Engen International Holdings (Mauritius) Limited. Upon completion of the transaction, on 1 March 2019, Vivo Energy also distributes and sells fuel and lubricants under the Engen brand. Eight new countries and over 230 Engen-branded service stations will be added to Vivo Energy's network.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently over the years.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), interpretations issued by the IFRS Interpretations Committee (IFRS IC), and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention unless otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

These consolidated financial statements have been prepared on a going concern basis of accounting as the Directors, at the time of approving the financial statements, have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Further details are contained within the going concern statement included in the Directors' report.

Prior year comparatives have been reclassified when necessary. Reclassifications are an adjustment to presentation only and do not impact the net assets or profit of the Company. Management continually seeks to provide the reader with better, more useful, information and will reclassify comparatives when necessary.

2.2 Application of new and revised IFRSs

In the current year, the Group has applied a number of amendments to IFRSs issued by the IASB that are mandatorily effective for annual periods beginning on or after 1 January 2018.

The following amendments to standards and new interpretations which are effective 1 January 2018 have no material impact on the consolidated financial statements of the Group:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 2 Amendments to Classification and Measurement of Share-based Payment Transactions
- Annual Improvements to IFRS Standards 2014–2016 cycle.

The Group has early adopted the following standards:

- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 9 Financial Instruments (retrospectively)
- IFRS 15 Revenue from Contracts with Customers (retrospectively)
- IFRS 16 Leases (retrospectively).

2.3 New standards, amendments and interpretations not yet adopted

The following amendments to standards and new interpretations are effective for annual periods beginning on or after 1 January 2019, and have not been applied in preparing these consolidated financial statements:

- Annual Improvements to IFRS Standards 2015–2017 cycle
- IFRS 10 and IAS 28 Amendments to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IAS 19 Plan Amendment, Curtailment or Settlement.

Assessment of the above amendments to standards and new interpretations, which are not yet effective, are not expected to have a material impact on the Group.

2.4 Consolidation

The Group is made up of various entities, subsidiaries, joint ventures and associates. Details regarding all entities are included in note 18 in the Company financial statements.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group reassesses whether or not it controls an investee if the facts and circumstances indicate that there may be changes to one or more of the elements of control. Subsidiaries are consolidated from the effective date of acquisition and de-consolidated from the date that control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances, income, expenses and cash flows are eliminated on consolidation. Where necessary, accounting policies of subsidiaries are adjusted to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Joint arrangements

Joint arrangements are contractual arrangements whereby the Group and other parties undertake activities that are under joint control, meaning that the relevant activities that significantly affect the investee's returns require the unanimous consent of the parties sharing control. Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are joint arrangements whereby the parties that have joint control have the rights to the net assets of the arrangement and are accounted for using the equity method.

Under the equity method, the investment is initially recognised at cost as adjusted for the post-acquisition changes in the Group's share of net assets of the joint venture, less any impairment in the value of the investment. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of a joint venture in excess of the Group's interest in that joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies of the joint ventures are adjusted to ensure consistency with the policies adopted by the Group.

Investments in associates

Associates are entities where the Group has significant influence and is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but where the Group does not have control or joint control over those policies.

At the date of acquisition, any excess of the cost of the acquisition over the Group's share of the net fair value of the identifiable net assets, liabilities and contingent liabilities of the associate is recorded as goodwill. The goodwill is included within the carrying amount of the investment. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost as adjusted for the post-acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of the investment. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

2.5 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is United States dollars ('US dollars'). These consolidated financial statements are presented in US dollars, which is the functional and presentation currency of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.5 Foreign currency translation continued

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated statements of comprehensive income.

Foreign exchange gains and losses that relate to monetary items such as borrowings, receivables and cash and cash equivalents are presented in the consolidated statements of comprehensive income within cost of sales for trading related gains and losses and within 'finance income and expense' for non-trading related gains and losses.

Translation differences on non-monetary financial assets, such as equities classified as financial assets at Fair value through other comprehensive income (FVTOCI), are included in other comprehensive income.

Group companies

The results and financial position of all the Group entities with a functional currency other than the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expense items and cash flows are translated at the average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- Exchange differences arising are recognised directly in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated accordingly.

2.6 Revenue recognition

Revenue from the sale of goods such as fuel and lubricants and any other products are recognised when a customer obtains control of the goods after excluding amounts collected on behalf of third parties (i.e. sales taxes, excise duties and similar levies). The Group's control of products are transferred to the customer at the point in time when delivery and transfer of title occurs to the customer, including oil marketing companies for Vivo Energy Kenya Ltd. ('VEK'), and when the performance obligation to the customers is fulfilled. The Group does not offer bundled products. Majority of the markets where the Group operates are regulated and price is established either by government or the industry.

In Kenya, oil marketing companies are legally required to import petroleum products through the Open Tender System ('OTS') that is centrally co-coordinated by the Ministry of Energy. This legal notice is governed by the OTS agreements signed between all licensed oil marketers in Kenya. VEK, like other oil marketing companies in Kenya, participates in this process.

VEK does not only participate in this process but also purchases from the suppliers and sells the petroleum products through the OTS to other oil marketing companies. Related revenues are recognised at the fair value of the consideration received or receivable when risks and rewards of ownership are transferred from VEK to the customer, which is when the title passes to the other oil marketing companies.

For sales of services, the total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Group sells the services in separate transactions.

The Group recognises an asset for the incremental costs of obtaining a contract with a customer if the Group expects the benefit of those costs to exceed one year. The Group has determined that certain sales incentive programmes meet the requirements to be capitalised. Total capitalised costs to obtain a contract were immaterial during the periods presented and are included in the other current and non-current long-term assets on the consolidated balance sheet.

The Group applies a practical expedient to expense costs as incurred for costs to obtain a contract when the amortisation period would have been one year or less.

2.7 Finance income and expense

Finance income and expense are recognised in the income statement using the effective interest rate method. All finance costs are recognised in the periods in which they are incurred.

2.8 Consolidated statement of comprehensive income presentation

Cost of sales reflects all costs relating to the revenue recognised, including depreciation costs. Selling and marketing costs reflect the marketing, selling costs, depreciation and amortisation costs. The general and administrative costs reflect all central and corporate costs, including employee and depreciation costs.

2.9 Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation and any accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the various classes of assets and commences when the asset is ready for use. Land and construction-in-progress are not depreciated.

The following depreciation rates are applied for the Group:

- Buildings: 20 – 50 years
- Machinery and other equipment: 4 – 25 years

Major improvements are capitalised when they are expected to provide future economic benefit. When significant components of property, plant and equipment are required to be replaced at regular intervals, the Group derecognises the replaced part and recognises the new part with its own associated useful life and depreciation. Repairs and maintenance costs are charged to the consolidated statement of comprehensive income as incurred.

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of property, plant and equipment is included in the consolidated statements of comprehensive income when the item is derecognised.

Each asset's estimated useful life, residual value, and method of depreciation are reviewed and adjusted, if appropriate, at each year-end.

2.10 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For goodwill recognised in the consolidated statements of financial position, impairment reviews are undertaken annually, once goodwill has been allocated to cash generating units (CGUs), or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU to which goodwill is allocated is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Shell Licence Agreement ('Licences')

The licences acquired grant the Company the exclusive right to distribute and market Shell products in the relevant countries. The licences are recognised at their fair value at the acquisition date and are carried forward at cost less accumulated amortisation calculated using the straight-line method over the expected useful life of 15 years.

Other intangible assets

Other intangible assets include Butagaz brand, LPG retail distributor relationships and Commercial LPG customer relationships recognised at their fair value allocated at acquisition date are subsequently measured at carrying amount less accumulated amortisation calculated using the straight-line method over the expected useful life of ten years.

Other intangible assets also include acquired computer software licences that are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives of three to five years.

2.11 Impairment of non-financial assets

At least annually, the Group reviews the carrying amount of tangible and intangible assets with finite lives to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. In assessing its value-in-use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. A corresponding impairment loss is recognised in the consolidated statements of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Any impairment reversal is recognised in the consolidated statements of comprehensive income.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct purchase costs (including transportation), cost of production and manufacturing and taxes, and is determined using the weighted average cost method.

2.13 Other government benefits receivable

Other assets include other government benefits receivable that reflect subsidies received from national governments for fuel sold as part of the Group's ordinary course of business.

The following types of compensation are applicable to the Company:

– Amounts due from/to the government for oil purchased at higher/lower prices than the price set by the local authority. Where the oil purchasing price paid by the Group is higher than the price set by the local authorities, a receivable due from the government is recognised by the Group to compensate for the higher price paid. Similarly if the purchasing price of oil is lower than set price, a liability towards the government is recognised. If collections/payments are expected in one year or less, the receivable/liability are classified as current assets/current liabilities. If not, they are presented as non-current assets/non-current liabilities. As at 31 December 2018, this relates to Vivo Energy Botswana, Senegal, Morocco, Madagascar and Guinea.
– Amounts due from/to the government for transport costs incurred to encourage marketers to distribute products to remote areas of the country. The government has introduced a pricing mechanism whereby if the Group only delivers to local areas, then a liability requiring payment to the government will be recognised. If the Group delivers to remote areas then a receivable owing from the government will be due. If collections/payments are expected in one year or less, the receivable/liability are classified as current assets/current liabilities. If not, they are presented as non-current assets/non-current liabilities. As at 31 December 2018, this relates to Vivo Energy Botswana, Senegal, Morocco and Guinea.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.13 Other government benefits receivable continued

Other government benefits receivable are recognised initially at fair value, which represents the difference between the market value if sold at arm's length and the price set by the government. Other government benefits receivable are subsequently measured at amortised cost using the effective interest method. Initial recognition and any subsequent adjustments are recognised within cost of sales in the consolidated statement of comprehensive income.

If a receivable is recognised as owing from the government and there is risk over the recoverability of that asset, then a provision for impairment will be recognised.

The Group transfers and derecognises other government receivables if either:

- The Group has transferred substantially all the risks and rewards of ownership of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of ownership of the asset and no longer retains control of the asset.

Under the continuing involvement approach, the Group continues to recognise part of the asset. The amount of the asset that continues to be recognised is the maximum amount of the Group's exposure to that particular asset or its previous carrying amount, if lower.

2.14 Financial instruments

Financial instruments consist of:

- Financial assets, which include cash and cash equivalents, trade receivables, lease receivables, employee and other advances, equity investments and derivative financial instruments and eligible current and non-current assets; and
- Financial liabilities, which include long-term and short-term loans and borrowings, bank overdrafts, trade payables, lease liabilities, derivative financial instruments and eligible current and non-current liabilities.

Financial instruments are recognised initially at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Financial instruments are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are initially recognised when they are originated. Financial assets are derecognised when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognised only when the Group has not retained control over the financial asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled or expired, and when its terms are modified and the cash flows are substantially different. Subsequent to initial recognition financial instruments are measured as described below.

Financial instruments measured at amortised cost

Except for debt instruments that are designated at fair value through profit or loss (FVTPL) on initial recognition, financial instruments that meet the following criteria are measured at amortised cost using the effective interest method:

- They are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

The amortised cost is reduced by impairment losses. Finance income or expense, foreign exchange gains and losses and impairments are recognised in profit and loss. The following financial assets and liabilities are classified as measured at amortised cost:

Cash and cash equivalents

Cash and cash equivalents, on the statement of financial position and for the purpose of the cash flow statement, includes cash on hand, in banks, placements held at call with banks and other short-term highly-liquid investments with maturities of three months or less. Where the Group does not have the right of offset, bank overdrafts are shown as borrowings in current liabilities on the consolidated statements of financial position.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Where trade finance facilities are used to extend payment terms, these facilities are presented as short-term borrowings in the consolidated statement of financial position.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of comprehensive income over the period of the borrowings using the effective interest method.

Other assets and other liabilities

Other assets such as employee loans, brand promotion fund receivables, customer deposits and other liabilities are measured at amortised cost using the effective interest rate method.

Equity investments at fair value through other comprehensive income (FVTOCI)

For equity investments not held for trading, the Group elected to present subsequent changes in the investment's fair value in other comprehensive income. The Group subsequently measures these assets at fair value with fair value gains and losses recognised in other comprehensive income and never reclassified to profit or loss. Dividends are recognised in profit or loss as other income when the Group's right to receive payment is established.

Financial instruments measured at fair value through profit or loss (FVTPL)

Instruments that are not measured at amortised cost or FVTOCI are measured at FVTPL. These instruments are subsequently measured at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The gain or loss on disposal is recognised in profit or loss. Financial instruments at FVTPL include derivative financial instruments.

Derivative financial instruments

The Group is exposed to foreign currency fluctuations on foreign currency assets, liabilities, net investment in foreign operations and forecasted cash flows denominated in foreign currency.

The Group limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Group enters into derivative contracts where the counterparty is primarily a bank.

Derivative financial instruments are initially recognised and subsequently measured at fair value. Attributable transaction costs are recognised in profit or loss as a cost.

Changes in fair value of foreign currency derivative instruments neither designated as cash flow hedges nor hedges of net investment in foreign operations are recognised in profit or loss and reported within foreign exchange gains, net within results from operating activities.

Changes in fair value and gains or losses on the settlement of foreign currency derivative financial instruments relating to borrowings, which have not been designated as hedges, are recorded in finance expense. Changes in fair value and gains or losses on the settlement of foreign currency derivative financial instruments relating to operational transactions, which have not been designated as hedges, are recorded in other income.

Net investment hedges

When a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of foreign exchange gains and losses is recognised in OCI and presented in currency translation reserve within equity. Any ineffective portion of foreign exchange gains and losses is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

2.15 Impairment of financial assets

The Group applies the expected credit loss (ECL) model for recognising impairment loss on financial assets measured at amortised cost.

ECL is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate.

Loss allowances for financial assets other than trade receivables are measured at an amount equal to lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECL is computed based on a provision matrix, which takes into account historical credit loss experience adjusted for forward looking information.

For trade receivables, ECL is measured at the amount equal to 12 months ECL unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL.

2.16 Share capital

Ordinary shares are classified as equity.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received is included in equity attributable to the Company's equity holders.

2.17 Non-controlling interest

Non-controlling interests in the Group's equity are stated at the non-controlling interest's proportionate share of the net assets of the companies concerned.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.19 Share-based payments

The Group issues equity-settled and cash-settled share-based payments to employees via share and share option plans.

Equity-settled share-based payments

Equity-settled share-based payments arising from the Long-Term Incentive Plan (LTIP) and the IPO Share Award Plan are measured at fair value (excluding the effect of non-market vesting conditions) at grant date. The fair value determined at grant date is recognised over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market vesting conditions. A corresponding increase in other reserves is also recognised in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.19 Share-based payments continued

Cash-settled share-based payments

Cash-settled share-based payments arising from the Vivo Energy and SVL Management Equity Plans are recognised as an expense over the vesting period, measured by reference to the fair value of the corresponding liability which is recognised in the consolidated statements of financial position. The liability is measured at fair value at each reporting date until settlement, with changes in fair value recognised in the consolidated statements of comprehensive income.

2.20 Leases

Leases are included in right-of-use (ROU) assets and lease liabilities on the Group's consolidated statement of financial position.

ROU assets and lease liabilities are recognised based on the present value of the future minimum lease payments over the lease term at commencement date. As most of the leases do not provide an implicit rate, the Group uses the incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for minimum lease payments is recognised on a straight-line basis over the lease term.

Lease agreements with lease and non-lease components are generally accounted for separately. For certain instances where it is impractical to separate the lease from the non-lease component, the Group will account for them as a single lease component. Additionally, the Group applies a portfolio approach to effectively account for the ROU assets and liabilities.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance expense.

Compulsory stock provision

The compulsory stock provision relates to amounts due to the government in Morocco for cash received to fund the compulsory stock obligation (CSO) as required according to the local authority. The cash received in 1994 was based on the CSO-levels and the oil price at that time. This amount due to the government is classified as a non-current liability in 'Other liabilities' in the consolidated statements of financial position.

The difference between the current oil prices at the end of November 2015 and the oil prices in 1994 is accounted for as a non-current provision. From 1 December 2015, the fuel market in Morocco is deregulated.

Legal and other provisions

Legal and other provisions include provisions for environmental restoration, restructuring costs and legal claims. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Full actuarial valuation was performed for all the defined benefit plans. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Current and past service costs are recognised immediately in profit or loss. Net finance expense/income will be calculated as the product of the net defined liability/asset and the discount rate as determined at the beginning of the year and is included in net finance expense in the statement of comprehensive income.

Defined benefit scheme characteristics and funding

The Group operates multiple post-employment defined benefit schemes for its employees in two thirds of its operating countries. The multiple pension schemes provide the employees with a pension or lump sum retirement benefit where the exact pension payments on retirement differ per scheme. For some operating companies (mainly Ghana and Cape Verde) there is an additional post-employment health scheme.

Approximately 68% of the total defined benefit obligations are unfunded. The other 32% of the total defined benefit obligations are funded. The funded plan relates to the pension schemes in Mauritius. The funded plans are legally separate from the Group and administered by a separate fund and comply with local regulatory and legal requirements.

The schemes are exposed to a number of risks, including:

- Investment risk: movement of discount rate used (high-quality corporate bonds) against the return from plan assets. If plan assets underperform against the yield then this will create a deficit;
- Interest rate risk: decreases/increases in the discount rate used (high-quality corporate bonds) will increase/decrease the defined benefit obligation;
- Longevity risk: changes in the estimation of mortality rates of current and former employees; and
- Salary risk: increases in future salaries increase the gross defined benefit obligation.

Other post-employment obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 Provisions and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.22 Current and deferred income tax

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. The Group periodically evaluates positions taken or intended to be taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It accounts for uncertain tax positions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilised. The criteria considered when recognising deferred income tax assets includes:

- The existence of taxable temporary differences that relate to the same taxation authority and same taxable entity, and
- The expected future taxable profits and tax planning opportunities. In case of a history of recent losses, it has been considered whether other convincing evidence is available to support the recognition of the deferred income tax assets.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. FINANCIAL RISK MANAGEMENT

3.1 Financial instruments by category

The table below sets out the Group's classification of each class of financial assets and financial liabilities and their fair values for the current year and the comparative year:

US $'000	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at FVTOCI	Total carrying value	Fair value
					31 December 2018
Financial assets					
Trade receivables[1]	443,645	–	–	443,645	443,645
Cash and cash equivalents	392,853	–	–	392,853	392,853
Financial assets at FVTOCI	–	–	7,626	7,626	7,626
Other assets[2]	92,922	–	–	92,922	92,922
Other financial assets	–	3,254	–	3,254	3,254
Total	**929,420**	**3,254**	**7,626**	**940,300**	**940,300**

1 Trade receivables include credit secured receivables of $197m.

2 Other assets (note 16) exclude the following elements that do not qualify as financial instruments: prepayments, VAT and duties receivable and other government benefits receivable.

US $'000	Financial liabilities measured at amortised cost	Total carrying value	Fair value
			31 December 2018
Financial liabilities			
Trade payables	1,060,528	1,060,528	1,060,528
Borrowings	600,167	600,167	600,167
Other liabilities[1]	219,582	219,582	219,582
Lease liabilities	110,850	110,850	110,850
Total	**1,991,127**	**1,991,127**	**1,991,127**

1 Other liabilities (note 26) exclude the following elements that do not qualify as financial instruments: other tax payable and deferred income.

US $'000	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at FVTOCI	Total carrying value	Fair value
					31 December 2017
Financial assets					
Trade receivables[1]	412,181	–	–	412,181	412,181
Cash and cash equivalents	422,494	–	–	422,494	422,494
Financial assets at FVTOCI	–	–	6,314	6,314	6,314
Other assets[2]	87,473	–	–	87,473	87,473
Total	**922,148**	**–**	**6,314**	**928,462**	**928,462**

1 Trade receivables include credit secured receivables of $135m.

2 Other assets (note 16) exclude the following elements that do not qualify as financial instruments: prepayments, VAT and duties receivable and other government benefits receivable.

US $'000	Financial liabilities measured at amortised cost	Total carrying value	Fair value
			31 December 2017
Financial liabilities			
Trade payables	868,521	868,521	868,521
Borrowings	655,191	655,191	655,191
Other liabilities[1]	248,495	248,495	248,495
Lease liabilities	133,757	133,757	133,757
Other financial liabilities	664	664	664
Total	**1,906,628**	**1,906,628**	**1,906,628**

1 Other liabilities (note 26) exclude the following elements that do not qualify as financial instruments: other tax payable and deferred income.

The Group has classified equity investments as financial instruments at FVTOCI (without recycling). These investments are measured using inputs for the asset or liability that are in absence of observable market data, based on net asset value of the related investments (level 3 in the IFRS 13 fair value measurement hierarchy). Because the value is based on the net asset value of the related investments, no sensitivity analysis is presented.

3.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require Group companies to manage their foreign exchange risk. Group treasury is required to approve all hedging plans before execution. The Group has a number of natural hedges in place, where the timing of foreign currency payments is matched with the receipts in a similar currency. Forward contracts are used to manage the foreign exchange risk arising from future obligations.

Foreign currency exposure on the consolidated net monetary position is $274m (2017: $166m). Other monetary balances in other currencies are not material. If the non-US dollar held currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been $27m (2017: $17m) lower/higher, mainly as a result of foreign exchange gains/losses on translation of non-US dollar denominated receivables and payables.

Price risk

The Group generally seeks to manage its exposure to commodity price risk through careful inventory management and as at 31 December 2018 the Group was not significantly exposed to commodity price risk. In regulated markets, the Group has no price exposure as long as the sale of the inventory is matching the timing of the price structures updates, however in unregulated markets, such as Marine and Aviation, the Group may be exposed to price changes in the short-term if inventory is not carefully managed.

The Group does not hold equity securities for trading and is, therefore, not exposed to price risk.

In Botswana, Guinea, Madagascar, Senegal and Morocco the Group is financially compensated by the local government for the effect of these price restrictions. For further information see note 3.2 Credit risk. For some countries (such as Senegal) the transport costs are subsidised.

Cash flow interest rate risk and fair value interest rate risk

The Group's interest rate risk arises from borrowings. It is Group policy to have short-term loan facilities at floating rate and medium to long-term facilities at floating or fixed rate. Swap from floating to fixed is possible when there is a clear economic benefit, subject to Group Treasury's approval. The Group has long-term borrowing facilities which carry variable interest rates and therefore the Group is exposed to a cash flow interest rate risk as at 31 December 2018. The Group also has some short-term overdraft facilities which carry a fixed interest rate exposing the Group to fair value interest rate risk. But given that the rate is fixed for a short period of time, and that these facilities terms are subject to renegotiation should interest rate move, the exposure is minimal. At 31 December 2018, if interest rates on US dollar-denominated and Euro-denominated borrowings had been one hundred basis point higher/lower with all other variables held constant, the calculated post-tax profit for the year would have been $5m (2017: $2m) higher/lower, mainly as a result of higher/lower finance expense on floating rate borrowings.

Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables.

All external customers must have their identity checked and credit worthiness assessed and approved prior to the signing of a binding agreement or contract. Credit worthiness is assessed for all customer based on commercial data, but also considers financial data when a credit limit exceeds $15,000. The utilisation of credit limits is regularly monitored and checks performed on outstanding debt at regular intervals. Where the environment allows, security (bank guarantees) will be taken to secure the Group's exposure. For banks and financial institutions, management of the operating entity are responsible for making the short-term placements with the banks after approval from Group Treasury.

The investment policy is based in order of importance on security, liquidity and yield. Management will assess the counterparty risks of the third party based on financial strength, quality of management, ownership structure, regulatory environment and overall diversification. Group Treasury is required to approve all investment decisions to ensure they are made in line with the Group's credit policies. The Group has provided secured loans to individual employees (note 16).

As at 31 December 2018, the Group is exposed to credit risk in relation to other government benefits receivables mainly in Botswana, Morocco, Madagascar, Senegal and Guinea. The Morocco funds of $27m (2017: $31m) relate to compensation provided by the government for setting the price of butane on sales to retail customers. These other government benefits receivable are partially provided for, the total provision amounted to $15m at 31 December 2018 (2017: $18m). Management believes that the credit risk in relation to these balances (note 16) is relatively low.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. FINANCIAL RISK MANAGEMENT CONTINUED

3.2 Financial risk factors continued

In Morocco customer receivables to the amount of $24m (2017: $27m) were assigned to Attijariwafa Factoring (subsidiary of Attijariwafa Bank), the assigned amount was received in cash and the corresponding receivable was derecognised and with regard to the late payment risk, the Group capped the exposure to six months maximum of interest at a rate of 4.70% per annum. This resulted in a continuous involvement accounting treatment where a substantial portion of the risk has been transferred. A continuous involvement liability of $0.5m (2017: $0.5m) was recognised. In addition, other government benefits receivable to the amount of $44.7m were assigned to Banque Centrale Populaire, the assigned amount was received in cash and the corresponding receivable was derecognised. With regard to the late payment risk, the Group capped the exposure to 5.5 months maximum of interest at a rate of 3.79% per annum. A continuous involvement liability of $0.7m was recognised.

The tables below show the balances of the major counterparties at the reporting dates:

	31 December 2018		31 December 2017	
	Credit rating	US $'000	Credit rating	US $'000
Banks				
Bank 1	A+	57,812	AAA	198,132
Bank 2	Af	46,012	A–1	12,873
Bank 3	BB+	44,696	None available	7,641
Other government benefits receivable				
Botswana government	A–	33,353	A–	20,002
Senegal government	B+	30,236	B+	4,333
Morocco government	BBB–	27,370	BBB–	31,499
Guinea government	None available	10,660	None available	10,897
Madagascar government	None available	9,974	None available	1,076

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the cyclical nature of the underlying businesses, the directors aim to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by Group policies. Where short-term liquidity is needed, the operating entities organise short-term facilities to cover the deficit which have to be authorised by Group Treasury.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	31 December 2018[1]					
US $'000	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings	202,553	83,835	84,265	232,512	–	**603,165**
Trade payables	1,002,778	49,808	5,794	2,148	–	**1,060,528**
Lease liabilities	5,212	15,269	19,597	50,647	42,632	**133,357**
Other liabilities[2]	43,350	19,960	22,240	4,601	129,431	**219,582**
Total	**1,253,893**	**168,872**	**131,896**	**289,908**	**172,063**	**2,016,632**

1 Borrowings exclude, as of 31 December 2018 the undrawn multi-currency revolving credit facility of $300 million (note 23).

2 Other liabilities (note 26) exclude the following elements that do not qualify as financial instruments: other tax payable and deferred income.

US $'000	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
						31 December 2017
Borrowings	175,302	83,948	83,948	316,529	–	**659,727**
Trade payables	832,104	36,417	–	–	–	**868,521**
Lease liabilities	4,846	14,540	17,217	49,906	55,712	**142,221**
Other liabilities[1]	20,761	23,457	16,833	73,488	113,956	**248,495**
Total	**1,033,013**	**158,362**	**117,998**	**439,923**	**169,668**	**1,918,964**

1 Other liabilities (note 26) exclude the following elements that do not qualify as financial instruments: other tax payable and deferred income.

Net investment hedge

Foreign currency exposure arises from the Group's net investment in its several subsidiaries that have the Cape Verde Escudo ('CVE') and the CFA Franc ('XOF') functional currency, both currencies being 100% pegged to the Euro ('EUR'). Therefore the risk arises from fluctuation in spot exchange rates between these currencies (or the EUR) and the US dollar, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedge is the risk of a weakening the CVE and the XOF currencies (or the EUR) against the US dollar which will result in a reduction in the carrying amount of the Group's net investment in these foreign operations.

Part of the Group's net investment in those subsidiaries is hedged by a EUR denominated secured bank loan (carrying amount: $124m) (2017: $157m), which mitigates the foreign currency risk arising from the revaluation of the subsidiary's net assets. The loan is designated as a hedging instrument for the changes in the value of the net investment that is attributable to changes in the spot rate.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal.

The amounts related to items designated as hedging instruments were as follows:

				31 December 2018
		Carrying amount		
US $'000	**Nominal amount**	**Assets**	**Liabilities**	**Line item in the statement of financial position where the hedging instrument is included**
Foreign exchange denominated debt	175,000	–	124,346	Borrowings

	Change in value used for calculating hedge for 2018	**Change in value of hedging instrument recognised in OCI**	**Hedge ineffectiveness recognised in profit or loss**	**Line item in profit or loss that includes hedge ineffectiveness**
Foreign exchange denominated debt	(6,638)	(6,638)	–	Not applicable

				31 December 2017
		Carrying amount		
US $'000	Nominal amount	Assets	Liabilities	Line item in the statement of financial position where the hedging instrument is included
Foreign exchange denominated debt	175,000	–	156,725	Borrowings

	Change in value used for calculating hedge for 2017	Change in value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Foreign exchange denominated debt	10,205	10,205	–	Not applicable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. FINANCIAL RISK MANAGEMENT CONTINUED

3.3 Capital management

The Group capital management objective is to maintain a commercially sound consolidated statements of financial position with the aim of maximising the net cash return to the shareholders, whilst maintaining a level of capitalisation that is commercially defensible and which leads to an effective and optimised working capital structure.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

Net debt is calculated as total borrowings and lease liabilities (including 'current and non-current borrowings and lease liabilities' as shown in the consolidated statements of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statements of financial position plus net debt.

US $'000	31 December 2018	31 December 2017
Total borrowings and lease liabilities (notes 23 & 27)	711,017	788,948
Less: cash and cash equivalents (note 19)	(392,853)	(422,494)
Net debt	**318,164**	**366,454**
Total equity	581,331	447,621
Total capital	**899,495**	**814,075**
Gearing ratio	**0.35**	**0.45**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Accounting for leases under IFRS 16

In establishing the lease term for each lease contract that has an option to extend, judgement has been applied to determine the extension period. When it is concluded that it is reasonably certain that the extension option will be utilised, the lease term is extended to include the reasonably certain period of five years. The lease agreements have the option to extend the leases and the option to terminate the leases. The extension options in different contracts vary between five years to unlimited period. The Group uses significant assumptions that all of the existing leases, that are expiring within the following five years, that have an extension option, will be extended for an additional five years period, when determining the lease term.

In addition, IFRS 16 requires lease payments to be discounted using the interest rate implicit in the lease. In case the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate should be used. That is the rate of interest that a lessee would have to pay to borrow over a similar value to the right-of-use asset in a similar economic environment. Accordingly, the Group elected to use the local borrowing rates for each operating unit at the commencement date. That is the rate at which local operating units would need to borrow to acquire the asset. For additional details relating to leases refer to note 27.

Deferred tax position

Recognition of deferred tax assets requires assessment of when those assets are likely to reverse and judgement on the availability of sufficient taxable profits upon reversal. Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. The deferred tax assets as at 31 December 2018 are $36m (2017: $43m) as presented in note 10. Deferred tax assets recorded are re-assessed at each period.

4.2 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

Retirement benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of the estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 25. The assumptions are reviewed annually.

Goodwill impairment assessment

The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.10. In 2012 goodwill was recognised in relation to the wave 2 completion, comprising Guinea, Burkina Faso and Côte d'Ivoire. In 2013 goodwill was recognised in relation to the wave 6 completion, comprising Ghana. For the purpose of impairment testing, goodwill was allocated to each country which represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The recoverable amount of each cash generating unit was determined based on a value in use calculation which was based upon free cash flows (in their local currencies) from the five-year strategic plan prepared for each cash generating unit. The terminal value was estimated based upon a perpetuity growth rate of 2%, reflecting an inflationary level of growth beyond the five-year plan. A cost of capital (based upon a weighted average cost of capital ('WACC')) in a range of 16%-17.5% was used to discount the free cash flows denominated in their respective currencies.

Based upon the goodwill impairment test, goodwill is not impaired. For goodwill to be impaired, the WACC would have to increase to approximately 40%.

Government related assets and liabilities

The Company has various assets from and liabilities to governments and authorities with respect to government benefits receivable as well as for taxes and duties. The Group constantly assesses underlying inherent risks and assumptions and as a consequence related accounting estimates are determined and adjustments are made to the carrying amounts of those assets and liabilities, where necessary. Refer to note 3.2 relating to credit risk.

Tax positions

Determining the Group's income tax positions requires interpretation of the tax laws in numerous jurisdictions. Resolution of tax positions taken can take several years to complete and can be difficult to predict. Therefore, judgement is required to determine the Group's income tax liability. Judgemental areas are in particular transfer pricing and expenses deductible for tax purposes. When it is considered probable that there will be a future income tax liability to a tax authority, a provision is recorded for the amount that is expected to be settled if this can be reasonably estimated. Income tax provisions are re-assessed each period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. SEGMENT REPORTING

The Group operates under three reportable segments: Retail, Commercial and Lubricants.

Retail segment – Retail fuel is aggregated with Non-fuel retail. Both the operating segments derive revenue from retail customers who visit our retail sites. Retail fuel and Non-fuel revenues are aggregated as the segments are managed as one unit and have similar customers. The economic indicators that have been addressed in determining that the aggregated segments have similar economic characteristics are that they have similar expected future financial performance and similar operating and competitive risks.

Commercial segment – Commercial fuel, LPG, Aviation and Marine are aggregated in the Commercial segment as the operating segments derive revenues from commercial customers. The segments have similar economic characteristics. The economic indicators that have been addressed are the long-term growth and average long-term gross margin percentage.

Lubricants segment – Retail, B2C, B2B and Export Lubricants are the remaining operating segments. Since these operating segments meet the majority of aggregation criteria, they are aggregated in the Lubricants segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The Directors monitor the operating results of its business units separately for the purpose of making decisions about resource allocation, segment performance assessment and interacting with segment managers.

The following tables present revenues and profit information regarding the Group's operating segments:

				2018
US $'000	**Retail**	**Commercial**	**Lubricants**	**Consolidated**
Revenue from external customers	4,860,533	2,325,053	363,732	**7,549,318**
Gross profit	392,934	163,256	68,197	**624,387**
Add back: depreciation and amortisation	35,025	17,993	2,223	**55,241**
Gross cash profit	427,959	181,249	70,420	**679,628**
Adjusted EBITDA	**226,977**	**122,205**	**51,026**	**400,208**

				2017
US $'000	Retail	Commercial	Lubricants	Consolidated
Revenue from external customers	4,363,068	1,990,892	339,555	**6,693,515**
Gross profit	396,397	144,630	72,894	**613,921**
Add back: depreciation and amortisation	33,037	16,971	2,097	**52,105**
Gross cash profit	429,434	161,601	74,991	**666,026**
Adjusted EBITDA	**227,026**	**106,978**	**42,124**	**376,128**

US $'000	**2018**	2017
Share of profit of joint ventures and associates included in segment EBITDA		
Retail	8,215	9,602
Commercial	6,663	6,740
Lubricants	13,392	–
Total	**28,270**	**16,342**

The amount of revenues from external customers by location of the customers is shown in the table below.

US $'000	2018	2017
Revenue from external customers by country		
Morocco	1,561,320	1,322,238
Kenya	1,269,975	1,336,627
Ghana	602,963	533,204
Other	4,115,060	3,501,446
Total	**7,549,318**	**6,693,515**

US $'000	31 December 2018	31 December 2017
Non-current assets by country (excluding deferred tax)		
The Netherlands	206,015	182,459
Morocco	187,461	189,058
Kenya	124,531	125,184
Other	717,960	664,162
Total	**1,235,967**	**1,160,863**

6. RECONCILIATION OF NON-GAAP MEASURES

Non-GAAP measures are not defined by International Financial Reporting Standards (IFRS) and therefore may not be directly comparable with other companies' non-GAAP measures, including those in the Group's industry. Non-GAAP measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements. The exclusion of certain items (special items) from non-GAAP performance measures does not imply that these items are necessarily non-recurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure.

The Directors believe that reporting non-GAAP financial measures in addition to IFRS measures, as well as the exclusion of special items, provides users with enhanced understanding of results and related trends and increases the transparency and clarity of the core results of operations. Non-GAAP measures are used by the Directors and management for performance analysis, planning, reporting and are key management performance measures.

The Group defines Headline earnings as earnings based on net income attributable to owners of the Group, before items of a capital nature, net of income tax as required for companies listed on the Johannesburg Stock Exchange. Further explanations of all non-GAAP measures can be found on page 47-48 in the Strategic Report.

US $'000	2018	2017
EBIT	**275,510**	**241,914**
Depreciation, amortisation and impairment	90,445	84,178
EBITDA	**365,955**	**326,092**
Adjustments to EBITDA related to special items:		
IPO and Engen acquisition related expenses[1]	29,340	–
Restructuring[2]	16,923	8,539
Management Equity Plan	(12,010)	41,497
Adjusted EBITDA	**400,208**	**376,128**

1 In May 2018, the Company became listed on the London Stock Exchange Main Market for listed securities and the Main Board of the JSE Limited by way of secondary inward listing. All IPO-related expenses are considered to be special items. Furthermore, on 4 December 2017, the Company agreed to enter into a sale and purchase agreement with Engen Holdings (Pty) Limited ('Engen Holdings'), a 100% subsidiary of Engen Limited, in relation to the purchase of shares in Engen International Holdings (Mauritius) Limited ('Engen International Holdings Limited') for the exchange of a shareholding in Vivo Energy, with a cash element. Related integration project expenses are treated as special items.

2 Restructuring expenses relate to further optimising the organisation and are substantial in scope and impact and do not form part of the underlying core operational activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

6. RECONCILIATION OF NON-GAAP MEASURES CONTINUED

US $'000	2018	2017
Net income	**146,059**	**129,653**
Adjustments to net income related to special items:		
IPO and Engen acquisition related expenses[1]	29,340	–
Restructuring[2]	16,923	8,539
Management Equity Plan	(12,010)	41,497
Tax on special items	(2,600)	(9,097)
Adjusted net income	**177,712**	**170,592**

US $	2018	2017
Diluted EPS	0.11	52.34
Impact of special items	0.03	17.90
Adjusted diluted EPS[3]	**0.14**	**70.24**

1 In May 2018, the Company became listed on the London Stock Exchange Main Market for listed securities and the Main Board of the JSE Limited by way of secondary inward listing. All IPO-related expenses are considered to be special items. Furthermore, on 4 December 2017, the Company agreed to enter into a sale and purchase agreement with Engen Holdings (Pty) Limited ('Engen Holdings'), a 100% subsidiary of Engen Limited, in relation to the purchase of shares in Engen International Holdings (Mauritius) Limited ('Engen International Holdings Limited') for the exchange of a shareholding in Vivo Energy, with a cash element. Related integration project expenses are treated as special items.

2 Restructuring expenses relate to further optimising the organisation and are substantial in scope and impact and do not form part of the underlying core operational activities.

3 Refer to the general information (note 1).

US $'000, unless otherwise indicated	2018	2017
Headline Earnings Per Share		
Net income attributable to owners	135,155	119,717
Re-measurements:		
Net gain on disposal of PP&E and intangible assets	(1,810)	(1,573)
Income tax on re-measurements	476	475
Headline Earnings	**133,821**	**118,619**
Weighted average number of ordinary shares[1]	1,201,798,866	2,250,000
Headline EPS (US $)[2]	0.11	52.72
Diluted number of shares[1]	1,201,798,866	2,287,433
Diluted headline EPS (US $)[2]	0.11	51.86
Effective Tax Rate	**36%**	**38%**

1 Weighted average number of ordinary shares and diluted number of shares for year ended 31 December 2018 relate to Vivo Energy plc and for the year ended 31 December 2017 to Vivo Energy Holding B.V.

2 Refer to general information (note 1).

7. GENERAL AND ADMINISTRATIVE COST

Employee benefits

US $'000	2018	2017
Wages, salaries and other employee benefits	157,455	145,917
Restructuring, severance and other involuntary termination costs[1]	13,829	8,539
Retirement benefits	7,036	6,254
Share-based expense[2]	(2,525)	41,497
	175,795	**202,207**

1 Total restructuring costs amount to $16.9m of which some elements are reflected in other employee benefits categories.
2 Share-based expense includes a fair value adjustment for the former management equity plan and the SVL management equity plan.

Included in the employee benefit expense for the year ended 31 December 2018, was social security expense of $2.3m (2017: $0.9m) and other pension costs of $0.2m (2017: $0.2m) relating to employees employed in the UK.

Employee benefits have been charged in:

US $'000	2018	2017
General and administrative cost	102,093	123,051
Selling and marketing cost	42,113	45,088
Cost of sales	31,589	34,068
	175,795	**202,207**

The number of average full-time equivalent employees was as follows:

	2018	2017
Sales and distribution	1,702	1,711
Administration and support	657	638
	2,359	**2,349**

Depreciation and amortisation

Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets are separately disclosed in note 11, 27 and 12 respectively.

Audit fees

US $'000	2018	2017
Parent company and consolidated financial statements	1,036	714
Subsidiaries[1]	765	756
Audit fees	**1,801**	**1,470**
Audit-related fees[2]	1,149	335
Tax advisory fees[3]	34	–
Tax compliance fees	28	–
Other assurance services[4]	1,895	1,912
Other fees total	**3,106**	**2,247**
Total fees	**4,907**	**3,717**

1 Audit fees for foreign entities are expressed at the average exchange rate for the year.
2 Audit-related fees in relation to interim financial statements reviews and brand fees reporting.
3 Tax advisory fees relate to advisory engagements.
4 Other assurance services relate mainly to the IPO.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8. OTHER INCOME/(EXPENSE)

US $'000	2018	2017
Net gain on disposals of property, plant and equipment and intangible assets	1,810	1,573
Loss on financial instruments	(813)	(1,784)
Other income	1,772	2,897
	2,769	**2,686**

9. FINANCE INCOME AND EXPENSE

US $'000	2018	2017
Finance expense		
Interest on bank and other borrowings and on lease liability[1]	(26,695)	(20,368)
Interest on long-term debt including amortisation of set-up fees	(18,776)	(10,816)
Foreign exchange loss	(2,426)	–
Accretion expense net defined benefit liability	(2,177)	(2,176)
Other	(2,179)	(3,200)
	(52,253)	**(36,560)**
Finance income		
Interest from cash and cash equivalents	6,145	4,644
Foreign exchange gain	–	779
	6,145	**5,423**
Finance expense – net	**(46,108)**	**(31,137)**

1 Includes an amount of $10m (2017: $10m) finance expense for leases in respect to IFRS 16 'Leases'.

10. INCOME TAXES

Current income taxes

Analysis of income tax expense:

US $'000	2018	2017
Current tax		
Current income tax	(76,779)	(90,704)
Current income tax prior years	(2,311)	2,278
	(79,090)	**(88,426)**
Deferred tax		
Deferred income tax	(3,282)	10,036
Deferred income tax prior years	(971)	(2,734)
	(4,253)	**7,302**
Income tax expense	**(83,343)**	**(81,124)**

The reconciliation of income taxes, computed at the statutory rate, to income tax expense was as follows:

US $'000	2018	2017
EBT	229,402	210,777
Statutory tax rate[1]	19%	25%
Income tax expense at statutory rate	(43,586)	(52,694)
Increase/(decrease) resulting from:		
Impact of tax rates in foreign jurisdictions	(20,632)	(5,478)
Income not subject to tax	10,340	7,153
Expenses not tax deductible	(264)	(11,100)
Non-recognition of tax benefits in relation to current period tax losses or temporary differences	(3,588)	(3,222)
Recognition and utilisation of previously unrecognised tax losses or temporary differences	141	927
Tax rate changes	(182)	–
Withholding tax	(21,583)	(20,293)
Other	(3,989)	3,583
Income tax expense	**(83,343)**	**(81,124)**
Effective tax rate	**36%**	**38%**

1 The statutory tax rate changed from 25% in 2017 to 19% in 2018 due to the ultimate parent entity being a tax resident in the United Kingdom in 2018 (formerly The Netherlands).

Deferred income taxes

The significant components of the Company's deferred income tax assets and liabilities were as follows:

	31 December 2018		31 December 2017	
US $'000	Asset	Liability	Asset	Liability
Tax losses carried forward[1]	19,530	–	19,941	–
Intangible assets	–	(20,492)	–	(23,216)
Retirement benefits	9,088	(1,015)	10,637	(1,026)
Property, plant and equipment	551	(17,143)	491	(14,906)
Provisions	27,180	–	30,077	–
Withholding taxes	–	(15,985)	–	(16,500)
Other	13,741	(11,150)	11,049	(5,796)
	70,090	**(65,785)**	**72,195**	**(61,444)**
Offsetting of balances	(14,579)	14,579	(10,056)	10,056
Unrecognised deferred tax asset[2]	(19,137)	–	(19,512)	–
	36,374	**(51,206)**	**42,627**	**(51,388)**

1 The recognised deferred tax asset relates to $6.6m tax losses which is supported by expected positive results in coming years.
2 The unrecognised deferred tax assets mainly relate to tax losses $19m (2017: $19m).

The changes in the net deferred income tax assets and liabilities were as follows:

US $'000	2018	2017
Balance at the beginning of year, net	(8,761)	(15,513)
In profit	(4,253)	7,302
In other comprehensive income	(750)	(713)
Other	(1,742)	769
Foreign exchange differences	674	(606)
	(14,832)	**(8,761)**

The unrecognised carry forward losses at 31 December 2018 amount to $86m (2017: $77m). $17m will expire at the end of 2021, $17m at the end of 2022, $15m at the end of 2023 and $37m at the end of 2024 or later.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. PROPERTY, PLANT AND EQUIPMENT

					2018
US $'000	Land	Buildings	Machinery and other equipment	Construction in progress	Total
Cost at 1 January 2018	**31,537**	**201,172**	**428,416**	**76,520**	**737,645**
Additions	–	8,326	14,544	96,544	**119,414**
Disposals	(38)	(5,166)	(38,473)	–	**(43,677)**
Transfers to Right-of-use asset	–	–	(11,737)	–	**(11,737)**
Transfers	2,207	29,761	71,464	(103,432)	–
Foreign exchange differences	(1,004)	(4,526)	(11,480)	(1,621)	**(18,631)**
Cost at 31 December 2018	**32,702**	**229,567**	**452,734**	**68,011**	**783,014**
Accumulated depreciation at 1 January 2018	**–**	**(36,434)**	**(116,040)**	**–**	**(152,474)**
Depreciation	–	(13,482)	(46,550)	–	**(60,032)**
Disposals	–	4,908	38,023	–	**42,931**
Transfers to Right-of-use asset	–	–	3,495	–	**3,495**
Foreign exchange differences	–	1,126	3,696	–	**4,822**
Accumulated depreciation at 31 December 2018	**–**	**(43,882)**	**(117,376)**	**–**	**(161,258)**
Net carrying value at 31 December 2018	**32,702**	**185,685**	**335,358**	**68,011**	**621,756**

					2017
US $'000	Land	Buildings	Machinery and other equipment	Construction in progress	Total
Cost at 1 January 2017	**29,344**	**164,462**	**349,029**	**73,370**	**616,205**
Additions	531	11,374	29,827	70,030	**111,762**
Disposals	(7)	(6,524)	(12,029)	–	**(18,560)**
Transfers	118	24,350	44,879	(69,347)	–
Foreign exchange differences	1,551	7,510	16,710	2,467	**28,238**
Cost at 31 December 2017	**31,537**	**201,172**	**428,416**	**76,520**	**737,645**
Accumulated depreciation at 1 January 2017	**–**	**(27,504)**	**(81,971)**	**–**	**(109,475)**
Depreciation	–	(13,977)	(42,200)	–	**(56,177)**
Impairments	–	(280)	(545)	–	**(825)**
Disposals	–	6,451	11,791	–	**18,242**
Foreign exchange differences	–	(1,124)	(3,115)	–	**(4,239)**
Accumulated depreciation at 31 December 2017	**–**	**(36,434)**	**(116,040)**	**–**	**(152,474)**
Net carrying value at 31 December 2017	**31,537**	**164,738**	**312,376**	**76,520**	**585,171**

No assets have been pledged as security. Depreciation charge of $60m (2017: $56m) is included in cost of sales for $52m (2017: $49m), in selling and marketing costs for $1m (2017: $1m) and in general and administrative cost for $7m (2017: $6m).

12. INTANGIBLE ASSETS

US $'000	Shell Licence Agreement	Goodwill	Other	Total
				2018
Cost at 1 January 2018	**144,640**	**21,232**	**58,462**	**224,334**
Additions	–	–	26,986	**26,986**
Disposals	–	–	(759)	**(759)**
Foreign exchange differences	(1,656)	(263)	(1,208)	**(3,127)**
Cost at 31 December 2018	**142,984**	**20,969**	**83,481**	**247,434**
Accumulated amortisation at 1 January 2018	**(72,331)**	**–**	**(32,010)**	**(104,341)**
Amortisation	(5,123)	–	(5,894)	**(11,017)**
Disposals	–	–	233	**233**
Foreign exchange differences	499	–	1,154	**1,653**
Accumulated amortisation at 31 December 2018	**(76,955)**	**–**	**(36,517)**	**(113,472)**
Net carrying value at 31 December 2018	**66,029**	**20,969**	**46,964**	**133,962**

US $'000	Shell Licence Agreement	Goodwill	Other	Total
				2017
Cost at 1 January 2017	**137,855**	**20,587**	**47,207**	**205,649**
Additions	–	–	9,904	**9,904**
Disposals	–	–	(946)	**(946)**
Foreign exchange differences	6,785	645	2,297	**9,727**
Cost at 31 December 2017	**144,640**	**21,232**	**58,462**	**224,334**
Accumulated amortisation at 1 January 2017	**(63,660)**	**–**	**(25,426)**	**(89,086)**
Amortisation	(5,123)	–	(5,447)	**(10,570)**
Impairment	–	–	(129)	**(129)**
Disposals	–	–	432	**432**
Foreign exchange differences	(3,548)	–	(1,440)	**(4,988)**
Accumulated amortisation at 31 December 2017	**(72,331)**	**–**	**(32,010)**	**(104,341)**
Net carrying value at 31 December 2017	**72,309**	**21,232**	**26,452**	**119,993**

Amortisation charge of $11m (2017: $11m) is included in selling and marketing costs for $9m (2017: $9m) and general and administrative cost for $2m (2017: $2m). Other also includes acquired and internally generated software costs (note 2.10).

A goodwill impairment test was performed and did not result in an impairment.

The Group monitors goodwill impairment at country level, being the cash generating unit ('CGU') and tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the CGU is determined based on value-in-use calculations which require the use of assumptions. These calculations use cash flow projections based on approved financial budgets covering a five-year period.

The methodology applied to each of the key assumptions used are as follows:

Assumptions	Approach used to determine values
Volumes	Average volumes over the five-year forecast period; based on past performance and management expectations of market developments.
Budgeted average gross margin	Based on past performance and management expectations of the future.
Pre-tax discount rate	Based on specific risks relating to the industry and country. Factors considered for the industry include regulatory environment, market competition, and barriers to entry.

The Group considers the discount rate to be the most sensitive assumption. No impairment would occur, if the pre-tax discount rate applied to the cash flow projection of each CGU had been 0.5% higher than management estimates and all other assumptions in the table above are unchanged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

US $'000	2018	2017
At 1 January	**218,801**	**50,709**
Acquisition of businesses	547	160,173
Share of profit	28,270	16,342
Dividend received	(23,343)	(9,497)
Foreign exchange differences	(823)	1,074
At 31 December	**223,452**	**218,801**

The acquisition of investment in December 2017 related to the acquisition of Shell and Vivo Lubricants B.V. (SVL) that is considered a material investment to the Group. SVL is the principal supplier of manufacturing, sales and distribution for lubricants products in Africa.

SVL was acquired by purchasing from HV Investments B.V. all its shares held in SVL. The investment is a joint venture investment and measured using the equity method. SVL is jointly owned by Vivo Energy Investments B.V. (50%) and Shell Overseas Investments B.V. (50%).

The total assets of SVL as per 31 December 2018 are $234m (2017: $256m), of which $153m (2017: $169m) relates to current (including cash and cash equivalents of $23m (2017: $27m)) and $81m (2017: $87m) to non-current assets. The current liabilities are $79m (2017: $96m) (including borrowings of $21m (2017: $10m)) and non-current liabilities are $6m (2017: $13m). The revenue for the year ending 31 December 2018 was $287m (2017: $286m), and profit after income tax was $22m (2017: $29m). The 2018 profit includes amortisation and depreciation of $8m (2017: $8m) and net finance expense of $2m (2017: $0.3m).

The carrying value of SVL includes a notional goodwill of $96m calculated as the difference between the cost of the investment and the investor's share of the fair values of the investee's identifiable assets and liabilities acquired. Since the notional goodwill is not shown as a separate asset, it is not required to be separately tested for impairment, nor does it trigger an annual impairment test.

There are no contingent liabilities relating to the Group's investments in joint ventures and associates.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

US $'000	2018	2017
At 1 January	**6,314**	**6,053**
Fair value adjustment	1,204	165
Foreign exchange differences	108	96
At 31 December	**7,626**	**6,314**

Financial assets at fair value through other comprehensive income are categorised as level 3 of the fair value hierarchy and are the only level 3 financial assets within the Group. There have been no transfers between any levels during the year.

15. OTHER FINANCIAL ASSETS AND LIABILITIES

Other financial assets and liabilities are derivative instruments comprising forward foreign exchange contracts and interest hedge contracts with a fair value of $3m (2017: $(1)m). A loss of $1m on changes in fair value has been recognised in other income/(expense) (2017: loss of $2m). Other financial assets and liabilities at fair value through other income are categorised as level 2 of the fair value hierarchy. There have been no transfers between any levels during the year.

16. OTHER ASSETS

US $'000	31 December 2018	31 December 2017
Other government benefits receivable[1]	123,091	71,748
Prepayments	109,306	118,507
VAT and duties receivable	30,588	33,511
Indemnification asset on legal and tax claims	9,629	9,868
Employee loans	7,912	8,137
Other[2]	75,381	69,468
	355,907	**311,239**
Of which current	254,999	229,068
Of which non-current	100,908	82,171
	355,907	**311,239**

1 Refer to note 3.2.
2 The amount mainly comprises of items such as customer related deposits, other non-current receivables and loans to dealers.

Other government benefits receivable

US $'000	31 December 2018	31 December 2017
Botswana	33,353	20,002
Senegal	30,236	4,333
Morocco	27,370	31,499
Guinea	10,660	10,897
Madagascar	9,974	1,076
Other	11,498	3,941
	123,091	**71,748**

For the year $234m (2017: $163m) of other government benefits was recognised in cost of sales for compensation of costs incurred.

17. INVENTORIES

US $'000	31 December 2018	31 December 2017
Fuel	364,120	276,680
Lubricants	70,070	69,773
Other	6,577	6,676
	440,767	**353,129**

Cost of sales as disclosed on the face of the consolidated statements of comprehensive income include the total expense for inventory during the year for $6,719m (2017: $5,869m). The carrying value of inventory represents the net realisable value.

Provisions for write-downs of inventories to the net realisable value amounted to $5m as per 31 December 2018 (2017: $5m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

18. TRADE RECEIVABLES

Trade receivables were as follows, as at:

US $'000	31 December 2018	31 December 2017
Trade receivables	484,235	451,937
Less: provision for impairment of trade receivables	(40,590)	(39,756)
Trade receivables – net	**443,645**	**412,181**

The fair values of trade receivables approximate their carrying value as they are deemed short-term in their nature and recoverable within 12 months.

Movements on provision for impairment of trade receivables are as follows:

US $'000	2018	2017
At 1 January	**39,756**	**36,733**
Additions	6,425	7,019
Reversals	(3,800)	(5,418)
Utilisation	(363)	(816)
Foreign exchange differences	(1,428)	2,238
At 31 December	**40,590**	**39,756**

As at 31 December 2018 trade receivables of $29m (2017: $29m) were past due but not impaired. The aging of these trade receivables is as follows:

US $'000	31 December 2018	31 December 2017
Up to 3 months past due	20,750	12,993
3 to 6 months past due	2,528	6,337
More than 6 months past due	5,857	9,762
	29,135	**29,092**

19. CASH AND CASH EQUIVALENTS

US $'000	31 December 2018	31 December 2017
Cash	172,932	216,840
Cash equivalents:		
Short-term placements	214,049	203,237
Money market funds and other cash equivalents	5,872	2,417
	392,853	**422,494**

20. SHARE CAPITAL AND RESERVES

Share capital consists of 1,201,798,866 ordinary shares at the nominal value of $0.50 each. All shares have been issued and fully paid and entitle the holder to participate in dividends. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. The Company does not have a limited share of authorised capital. Shareholders will, under general law, be entitled to participate in any surplus assets in a winding up of the Company in proportion to their shareholding.

Effective 13 June 2018, the Company completed a court-approved reduction of capital. The purpose of the reduction of capital was to provide distributable reserves which will allow the Company to make future dividend payments. Following the reduction of capital, the number of issued shares and the rights attached to those shares remained unchanged. The nominal value of the ordinary shares in the capital of the Company was reduced by $1.00 from $1.50 to $0.50.

Other reserves are disclosed in the consolidated statements of changes in equity.

	2018		2017	
Ordinary shares	**Number of Shares**	**$'000**	Number of Shares	$'000
At 1 January	2,250,000	30	2,250,000	30
Reorganisation	(2,250,000)	(30)	–	–
Capital contribution	1,200,000,000	1,800,000	–	–
Directors' subscriptions	1,798,866	2,698	–	–
Capital reduction	–	(1,201,799)	–	–
At 31 December	**1,201,798,866**	**600,899**	**2,250,000**	**30**

21. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows:

US $'000, unless other wise indicated	**2018**	2017
Basic earnings per share		
Net income	146,059	129,653
Attributable to owners	135,155	119,717
Weighted average number of ordinary shares[1]	1,201,798,866	2,250,000
Basic earnings per share (US $)	**0.11**	**53.21**

US $'000, unless other wise indicated	**2018**	2017
Diluted earnings per share		
Earnings attributable to owners	135,155	119,717
Diluted number of shares[1]	1,201,798,866	2,287,433
Diluted earnings per share (US $)[2]	**0.11**	**52.34**

US $	**2018**	2017
Adjusted diluted earnings per share		
Diluted earnings per share	0.11	52.34
Impact of special items	0.03	17.90
Adjusted diluted earnings per share[2]	**0.14**	**70.24**

1 Weighted average number of ordinary shares and diluted number of shares for the year ended 31 December 2018 relate to Vivo Energy plc and for the year ended 31 December 2017 to Vivo Energy Holding B.V.

2 Refer to general information (note 1).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22. DIVIDENDS

The Board approved an interim dividend of circa 0.7 dollar cents per share. This dividend was paid on 17 September 2018 to shareholders of record at close of business on 17 August 2018. The dividend was paid out of distributable reserves as at 30 June 2018.

The Board has recommended a final dividend of circa 1.3 dollar cents per share, amounting to $16m. Payment of this dividend is expected on 10 June 2019 to shareholders of record at close of business on 17 May 2019. The dividend will be paid out of distributable reserves as at 31 December 2018.

US $'000	2018
Interim dividend	7,967
Final dividend	15,838
Total	**23,805**

23. BORROWINGS

US $'000	Drawn on	Interest rate	Maturity	31 December 2018	31 December 2017
VEI BV Term Loan[1]	09/06/2017	Libor + 2.50%/3%	09/06/2022	391,753	479,889
Bank borrowings				208,414	175,302
				600,167	**655,191**
Of which current				286,388	258,947
Of which non-current				313,779	396,244
				600,167	**655,191**

1 The amounts are net of financing costs. Loan amount is $395m (2017: $484m); financing costs are $3m (2017: $4m).

Current borrowings consist of bank borrowings which carry interest rates between 1% and 18% per annum. Included in bank borrowings is an amount of $32m (2017: $73m) relating to trade financing.

The carrying amounts of the Group's non-current and current borrowings approximate the fair value.

The VEI BV Term Loan facility was entered into on 9 June 2017. The facility matures on 9 June 2022 and has semi-annual repayments. Interest is paid quarterly at a rate of Libor plus a margin of 2.50% per annum. Incremental facility was drawn down on 18 December 2017 and carries an interest of Libor +2.5% for the amortised portion and Libor +3% for the bullet portion. In May 2018, the Company established a new multi-currency revolving credit facility of $300 million. The multi-currency revolving credit facility consists of a primary $300 million and an additional $100 million contingent upon events after the listing. This credit facility remained fully undrawn at year-end. At the end of February 2019, an amount of $62 million was drawn in relation to the Engen acquisition.

Key covenants:

- The Company needs to supply to the lender within 150 calendar days after year-end its audited annual consolidated financial statements, unaudited annual non-consolidated financial statements and the unaudited annual Group accounts of each operating unit. Within 90 days after each half of each financial year, the Company should provide its unaudited non-consolidated financial statements, unaudited consolidated financial statements and unaudited Group accounts for each operating unit for the financial half-year.
- With each set of financial statements, a financial covenants compliance certificate has to be provided showing the debt cover and interest cover. The loan carries some customary negative pledges such as on asset sale, securities over assets, mergers and guarantees subject in each case to some exemptions and permitted baskets. It also has a Change of Control clause triggering repayment if a shareholder, other than permitted ones, takes control of the Company.

No covenants were breached in the last applicable period.

24. PROVISIONS

Provisions include the following:

US $'000	31 December 2018	31 December 2017
Provisions	61,091	78,803
Retirement benefit obligations (note 25)	29,236	34,045
	90,327	**112,848**
Of which current	15,177	20,866
Of which non-current	75,150	91,982
	90,327	**112,848**

US $'000	Compulsory stock obligation	Legal provision	Other	Total
				2018
At 1 January	**26,092**	**6,195**	**46,516**	**78,803**
Additions	6	3,377	9,355	**12,738**
Utilisation	(3,909)	(232)	(15,513)	**(19,654)**
Releases	–	(4,712)	(3,723)	**(8,435)**
Foreign exchange differences	(461)	(154)	(1,746)	**(2,361)**
At 31 December	**21,728**	**4,474**	**34,889**	**61,091**
Of which current	–	4,474	10,703	**15,177**
Of which non-current	21,728	–	24,186	**45,914**
	21,728	**4,474**	**34,889**	**61,091**

US $'000	Compulsory stock obligation	Legal provision	Other	Total
				2017
At 1 January	**21,187**	**7,086**	**43,084**	**71,357**
Additions	3,121	333	21,390	**24,844**
Utilisation	–	(145)	(15,852)	**(15,997)**
Releases	–	(1,357)	(5,520)	**(6,877)**
Foreign exchange differences	1,784	278	3,414	**5,476**
At 31 December	**26,092**	**6,195**	**46,516**	**78,803**
Of which current	–	6,195	14,671	**20,866**
Of which non-current	26,092	–	31,845	**57,937**
	26,092	**6,195**	**46,516**	**78,803**

Compulsory stock obligation provision

The compulsory stock obligation provision relates to the Oil fund liability in Morocco as disclosed under 'Other liabilities'. The provision represents the difference between the purchase price of the compulsory oil stocks in 1994 and current market values up to November 2015, as well as the difference between the purchase price and current market values of LPG. From 1 December 2015 the fuel market in Morocco is deregulated. As at 31 December 2018, the Moroccan government has not indicated a repayment date for the compulsory stock obligation.

Legal provision

This amount represents a provision of certain legal claims brought against the Group. The timing of any pay-out is uncertain as these claims are being disputed by the Group. The Group believes that the outcome of these claims will not give rise to a significant loss beyond the amounts provided against as at 31 December 2018.

Other

Other provisions include a number of costs to be paid out by the Group that have uncertainty in timing of cash values and total monetary value and mainly relate to employee benefits provisions of $15m (2017: $20m) and provisions for uncertain tax positions of $9m (2017: $10m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. RETIREMENT BENEFITS

The Group operates defined benefit pension plans in various countries under local regulatory frameworks. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

US $'000	2018	2017
Current service cost	873	579
Accretion expense	2,177	2,176
Other	46	44
	3,096	**2,799**

US $'000	2018	2017
Defined benefit plans	3,096	2,799
Defined contribution plans	6,117	5,631
Total retirement benefit costs	**9,213**	**8,430**

US $'000	31 December 2018	31 December 2017
Consolidated statements of financial position obligations for:		
Pension benefits	25,186	29,927
Other post-employment benefits	4,050	4,118
Total liability	**29,236**	**34,045**

The amounts recognised in the consolidated statements of financial position are determined as follows:

US $'000	31 December 2018	31 December 2017
Present value of funded obligations	(12,903)	(13,212)
Fair value of plan assets	11,670	11,179
Funded status of funded benefit obligations (net asset)	(1,233)	(2,033)
Present value of unfunded obligation	(23,953)	(27,894)
Unfunded status end of year (net liability)	(25,186)	(29,927)
Net defined benefit obligation	**(25,186)**	**(29,927)**

The movements in the defined benefit obligation for funded and unfunded post-employment defined benefits over the year are as follows:

			2018			2017
US $'000	Pension benefits	Other	Total	Pension benefits	Other	Total
At 1 January	**41,106**	**4,118**	**45,224**	**40,661**	**3,791**	**44,452**
Current service costs	711	145	**856**	1,374	154	**1,528**
Past service costs/settlements	–	17	**17**	(949)	–	**(949)**
Benefits paid	(2,891)	(248)	**(3,139)**	(2,118)	(253)	**(2,371)**
Interest costs	2,177	596	**2,773**	2,164	554	**2,718**
(Gains)/losses from change in financial assumptions	(254)	(155)	**(409)**	(1,696)	(155)	**(1,851)**
(Gains)/losses from change in demographic assumptions	(494)	–	**(494)**	–	–	–
Actuarial (gains)/losses	(1,945)	(95)	**(2,040)**	(377)	54	**(323)**
Other	–	–	–	(229)	–	**(229)**
Foreign exchange differences	(1,554)	(328)	**(1,882)**	2,276	(27)	**2,249**
At 31 December	**36,856**	**4,050**	**40,906**	**41,106**	**4,118**	**45,224**

The movements in the fair value of plan assets over the year are as follows:

	2018			2017		
US $'000	Pension benefits	Other	Total	Pension benefits	Other	Total
At 1 January	**11,179**	**–**	**11,179**	**9,448**	**–**	**9,448**
Interest income	597	–	597	542	–	542
Return on plan assets, excluding interest income	(55)	–	(55)	478	–	478
Employer contributions	3,104	248	3,352	2,293	253	2,546
Benefits paid	(2,923)	(248)	(3,171)	(2,155)	(253)	(2,408)
Administration expenses	(15)	–	(15)	(7)	–	(7)
Foreign exchange differences	(217)	–	(217)	580	–	580
At 31 December	**11,670**	**–**	**11,670**	**11,179**	**–**	**11,179**

The sensitivity of the defined benefit obligation to changes in weighted principal assumptions is:

	Assumptions used		Effect of using alternative assumptions	
US $'000	31 December 2018	31 December 2017	Range of assumptions	Increase/(decrease)
Rate of increase in pensionable remuneration	4.43%	4.35%	0.50% – (0.50%)	2.59% – (2.46%)
Rate of increase in pensions in payment	2.27%	1.00%	0.50% – (0.50%)	4.00% – (3.73%)
Rate of increase in healthcare costs	9.88%	12.00%	0.50% – (0.50%)	4.12% – (3.83%)
Discount rate for pension plans	5.98%	5.59%	0.50% – (0.50%)	(4.85%) – 5.14%
Discount rate for healthcare plans	13.71%	15.50%	0.50% – (0.50%)	(5.43%) – 6.07%
Expected age at death for persons aged 60:				
Men	79.73	80.22		
Women	83.56	83.33		

The principal actuarial assumptions were as follows:

									2018
	Tunisia	Senegal	Cape Verde	Mauritius	Morocco	Côte d'Ivoire	Guinea	Namibia	Ghana
Discount rate	8.50%	8.25%	4.25%	6.00%	3.50%	6.00%	13.50%	11.40%	15.00%
Inflation rate	4.70%	N/A	2.00%	3.50%	N/A	N/A	N/A	8.00%	10.00%
Future salary increases	6.00%	3.00%	2.00%	3.50%	6.00%	3.00%	10.00%	N/A	N/A
Future pension increases	N/A	N/A	1.00%	3.00%	N/A	N/A	N/A	N/A	N/A

									2017
	Tunisia	Senegal	Cape Verde	Mauritius	Morocco	Côte d'Ivoire	Guinea	Namibia	Ghana
Discount rate	7.50%	9.00%	4.50%	5.50%	3.25%	6.00%	13.75%	11.90%	17.50%
Inflation rate	3.90%	1.00%	2.00%	3.80%	2.00%	1.80%	8.00%	9.10%	12.50%
Future salary increases	6.00%	3.00%	2.00%	3.00%	6.00%	3.00%	10.00%	N/A	N/A
Future pension increases	N/A	N/A	1.00%	N/A	N/A	N/A	N/A	N/A	N/A

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

The weighted average duration of the defined benefit obligation is 10.8 years.

Expected contributions to post-employment benefit plans for the year ending 31 December 2019 are $4m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

26. OTHER LIABILITIES

US $'000	31 December 2018	31 December 2017[1]
Oil fund liabilities (see note 24)	86,502	88,070
Other tax payable	80,098	63,271
Employee liabilities	61,517	93,801
Deposits owed to customers	60,171	54,062
Deferred income	9,147	8,888
Other	11,392	12,562
	308,827	**320,654**
Of which current	165,196	152,409
Of which non-current	143,631	168,245
	308,827	**320,654**

1 Prior year comparatives were reclassified where necessary.

27. LEASES

The Group has leases for motor vehicles, corporate offices, land, buildings and equipment. Leases have remaining lease terms of one year to 99 years, some of which may include options to extend the leases for at least five years, and some of which may include options to terminate the leases within one year.

The consolidated statement of financial position shows the following amounts relating to leases:

US $'000	Land and buildings	Motor vehicle	Others	Total
Right-of-use assets, 1 January 2017	**115,687**	**19,587**	**655**	**135,929**
Depreciation of ROU assets	(12,105)	(4,267)	(105)	(16,477)
Leases effective in 2017	25,795	2,975	191	28,961
Right-of-use assets, 31 December 2017	**129,377**	**18,295**	**741**	**148,413**
Depreciation of ROU assets	(16,377)	(2,282)	(737)	(19,396)
Leases effective in 2018[1]	16,543	2,615	88	19,246
Right-of-use assets, 31 December 2018	**129,543**	**18,628**	**92**	**148,263**

1 Included in leases effective 2018, is an amount of $8m for the transfer of leases from PPE to right-of-use assets.

US $'000	31 December 2018	31 December 2017
Current lease liability	13,228	12,496
Non-current lease liability	97,622	121,261
	110,850	**133,757**

The consolidated statement of comprehensive income shows the following amounts relating to leases:

US $'000	2018	2017
Interest expense (included in finance cost)	(10,054)	(10,016)
Depreciation of ROU assets	(19,396)	(16,477)

Depreciation charge of $19m (2017: $16m) is included in cost of sales for $3m (2017: $2m), in selling and marketing costs for $14m (2017: $12m) and in general and administrative costs $2m (2017: $2m).

The consolidated statement of cash flows shows the following amounts relating to leases:

US $'000	2018	2017
Cash flows from financing activities		
Principal elements of lease payments	(24,736)	(18,910)
Interest paid	(10,054)	(10,016)
	(34,790)	**(28,926)**

Other information related to leases was as follows:

	2018	2017
Weighted average remaining lease term (years)	15.12	13.15
Weighted average discount rate	10%	10%

The Group recognised rental income of $35m (2017: $30m).

28. NET CHANGE IN OPERATING ASSETS AND LIABILITIES AND OTHER ADJUSTMENTS

US $'000	2018	2017
Inventories	(98,973)	(10,182)
Trade receivables	(47,425)	(94,064)
Trade payables	222,290	132,357
Other assets	(68,652)	(42,471)
Other liabilities	(15,620)	47,414
Provisions	(17,473)	(582)
Other	61,664	43,404
	35,811	**75,876**

29. COMMITMENTS AND CONTINGENCIES

Commitments

The Group also has purchase obligations, under various agreements, made in the normal course of business. The purchase obligations are as follows, as at:

US $'000	31 December 2018	31 December 2017
Purchase obligations	13,271	11,706
	13,271	**11,706**

Contingent liabilities and legal proceedings

The Group may from time to time be involved in a number of legal proceedings. The Directors prepare a best estimate of its contingent liabilities that should be recognised or disclosed in respect of legal claims in the course of ordinary business. Furthermore, in many markets there is a high degree of complexity involved in the local tax regimes. The Group is required to exercise judgement in the assessment of any potential exposures in these areas.

The Group does not believe and is not currently aware of any litigations, claims, legal proceedings or other contingent liabilities that should be disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30. SHARE-BASED PAYMENTS

The Group operates share-based payment plans for certain Executive Directors, senior managers and other senior employees. Information on these plans is included in the Remuneration Report.

Management Equity Plan

In 2013, Vivo Energy Holding B.V. awarded to eligible employees either (1) phantom options which entitled option holders to a cash payment based on the value of Vivo Energy Holding shares upon exercise of their phantom options or (2) the opportunity to acquire restricted shares in combination with a linked option right to acquire ordinary shares in Vivo Energy.

Under the terms of the phantom options, all outstanding phantom options would become fully exercisable upon admission in May 2018. The option holders have since agreed to amend the terms of their outstanding phantom options such that 30% of the outstanding phantom options were deemed to be exercised at admission and 70% will become exercisable on the first anniversary of admission for a period of 12 months. Under the amended terms, the option holders' entitlement to the cash payment is based on the market value of the shares at the time of exercise net of the exercise price per share.

The Management Equity Plan ('MEP') related liability as at 31 December 2018 amounted to $20m (2017: $49m). The intrinsic value of the phantom options per 31 December 2018 is $20m (2017: $49m).

The awards of restricted shares with linked options were classified as equity-settled share-based payment transactions, however since participants would not be entitled to the full value of both instruments, the award fell away and the share-based payment reserve was released.

SVL Phantom Option Awards

Executive Directors and other senior executives were granted phantom option awards by Shell and Vivo Lubricants B.V. ('SVL') in 2012. These awards became fully exercisable on admission, but the option holders agreed to amend the terms such that they would receive a cash payment.

All payments under this plan have now been made, and there are no further outstanding interests.

IPO Share Award Plan

In May 2018, Vivo Energy plc granted certain Executive Directors and senior managers one-off share awards ('IPO Share Awards') under the 2018 IPO Share Award Plan. The IPO Share Awards will vest, subject to continued service and performance conditions relating to consolidated gross cash profit and adjusted net income being met, in three equal tranches on the first, second and third anniversary of admission.

Long-Term Incentive Plan

In May 2018, Vivo Energy plc adopted the Vivo Energy 2018 Long-Term Incentive Plan (the 'LTIP'). The LTIP provides for grants of awards over the shares of the Company in the form of share awards subject to continued employment and the performance conditions relating to earnings per share, return on average capital employed and total shareholder returns, over a three-year period. Executive Directors and other employees of the Group are eligible for grants under the LTIP.

The table below shows the share-based payment expense recognised in the statements of comprehensive income:

US $'000	**2018**	2017
Cash-settled share-based payments		
Management Equity Plan	(17,526)	41,497
SVL Management Equity Plan	5,516	–
Equity-settled share-based payments		
IPO Share Award Plan	5,697	–
Long-Term Incentive Plan	3,788	–
	(2,525)	**41,497**

Movements in the number of share and share options outstanding, and their related weighted average exercise prices, are as follows:

	LTIP	IPO	MEP			
	LTIP	IPO Share Awards	Average exercise price per linked option $	Linked options[1]	Average exercise price per phantom option $	Phantom options[2]
At 1 January 2018	–	–	–	–	–	–
Granted/Converted	3,916,949	3,658,641	–	–	0.05	15,529,661
Vested/Exercised	–	–	–	–	0.05	(4,658,898)
At 31 December 2018	**3,916,949**	**3,658,641**	–	–	**0.05**	**10,870,763**
At 1 January 2017	–	–	**142.12**	**40,620**	**142.12**	**30,992**
Movements	–	–	–	–	142.12	(1,873)
Outstanding at 31 December 2017	–	–	**142.12**	**40,620**	**142.12**	**29,119**

1 Linked options were forfeited as part of the IPO admission.

2 In relation to the IPO Admission, the option holders have agreed to amend the terms of their outstanding phantom options (MEP) which resulted into a conversion of their granted phantom options.

The Black-Scholes option-pricing is used to calculate the fair value of the options and the amount to be expensed. The inputs into the model for options granted in the year expressed as weighted averages are as follows:

	2018			2017	
	LTIP	IPO Share Awards	MEP phantom options	MEP linked options	MEP phantom options
Share price at grant date ($)	$2.24	$2.33	$1.84	$1,811	$1,811
Option exercise price ($)	–	–	$0.05	$142.12	$142.12
Volatility (%)	–	–	22%	30%	22%
Option life (years)	3 years	3 years	1 year	1 year	1 year
Risk-free interest rate	–	–	2.30%	0.95%	2.30%
Expected dividends as a dividend yield (%)	0%	0%	0%	0%	0%

The weighted average fair value of linked options and phantom options as of 31 December 2018 using the Black-Scholes valuation model was nil (2017: $43.70) and $1.79 (2017: $1,672) per option, respectively.

31. RELATED PARTIES

Sales and purchases

US $'000	Joint ventures and associates	Shareholder	Other	Total
2018				
Sales of products and services, and other income	14,665	133,909	88	**148,662**
Purchase of products and services, and other expenses	320,783	1,279,007	–	**1,599,790**
2017[1]				
Sales of products and services, and other income	11,997	124,073	3,104	**139,174**
Purchase of products and services, and other expenses	78,351	1,510,638	244,443	**1,833,432**

1 Other sales and purchases relate to Shell and Vivo Lubricants B.V. full year 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31. RELATED PARTIES CONTINUED

The following table presents the Company's outstanding balances with related parties:

US $'000	Joint ventures and associates	Shareholder	Other	Total
31 December 2018				
Receivables from related parties	3,911	13,005	534	**17,450**
Payables to related parties	(55,651)	(236,263)	–	**(291,914)**
	(51,740)	**(223,258)**	**534**	**(274,464)**
31 December 2017				
Receivables from related parties	12,187	14,689	564	**27,440**
Payables to related parties	(46,060)	(138,504)	(60)	**(184,624)**
	(33,873)	**(123,815)**	**504**	**(157,184)**

The receivables from related parties arise from sale transactions which are due two months after the date of sales. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties.

The payables to related parties arise mainly from purchase transactions and are typically due two months after the date of purchase. These payables bear no interest. In 2017, other income from shareholder includes a loss on financial instruments of $2m that concern forward foreign exchange contracts with Vitol SA.

Key management compensation

Key management is considered to be the Directors (Executive and Non-Executive) and senior management[1].

US $'000	2018	2017
Share-based benefits[2]	(4,767)	25,569
Salaries and other short-term employee benefits	6,561	5,057
IPO cash award	6,622	–
Post-employment benefits	333	316
Service fees	642	–
	9,391	**30,942**

1 Senior management compensation is disclosed from the date of appointment.

2 Share-based benefits include LTIP, IPO Share Awards and the MEP Phantom options. Negative compensation results from the fair value adjustment of the cash-settled MEP phantom options, further explained in note 30.

Directors' compensation

Directors' compensations are disclosed from the date of appointment, being from IPO date 10 May 2018.

US $'000	2018
Share-based benefits[1]	3,194
Salaries and other short-term employee benefits	2,221
Post-employment benefits	107
Service fees	642
	6,164

1 Share-based benefits include LTIP and IPO Share Awards.

In the year ended 31 December 2018, Directors exercised the SVL Phantom Option Awards. The aggregate gross pre-tax gain made on the exercise of the options was $3 million. The performance period for the SVL share options related to the pre-IPO period (Legacy awards, refer to Remuneration Report for further information).

Further information relating to key management compensation is included in the Remuneration Report.

L Shares

Certain entities of the Group, Vivo Energy Morocco Holdings B.V. and Vivo Energy Kenya Holdings B.V., have issued a separate class of shares, the L Shares, representing 5% of the members' respective share capital. The L Shares are owned by a minority shareholder and carry an entitlement to the following proceeds:

- The profit of lubricants sales in certain countries that are not related to sales through the Group's retail network, called B2B and B2C sales; and
- A portion of the margin on lubricant sales through the Group's retail network in certain countries.

For the lubricant sales through certain of the Group's retail networks the Group has exposure to significant risks and rewards associated with these sales. Therefore these revenues are recognised in the Group's consolidated statements of comprehensive income. The L Shares owner is the supplier of the lubricants relating to these sales and therefore the payments to the L Shares owner relating to these sales are considered to be an adjustment to the lubricants purchase price and therefore classified as cost of sales in the Group's consolidated statements of comprehensive income.

The L Shares relating to Vivo Energy Morocco Holdings B.V. were automatically redeemed upon payment of the last tracking stock dividends in 2017. On 17 October 2016 and on 24 May 2017, the L Shares relating to Vivo Energy Kenya Holdings B.V. and Vivo Energy Morocco Holdings B.V. respectively were redeemed by payment of final tracking stock dividend.

32. EVENTS AFTER BALANCE SHEET PERIOD

On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Engen International Holdings (Mauritius) Limited (EIHL), a retailer and marketer of Engen-branded fuels and lubricants in Africa. EIHL markets its products to retail customers through a large network of Engen-branded service stations, including convenience retail offerings, as well as directly to commercial customers.

The transaction will add operations in eight new countries and 230 Engen-branded services stations expanding the Group's presence across 23 countries in Africa. The new markets for the Group are Gabon, Malawi, Mozambique, Reunion, Rwanda, Tanzania, Zambia and Zimbabwe. EIHL's Kenya operations, a market in which the Group currently operates, is the ninth country included in the transaction.

Consideration for the transaction comprised of an issue by the Company of 63,203,653 new shares and $62.1m in cash. This has resulted in Engen Holdings (Pty) Limited holding a circa 5.0% shareholding in the Company. The cash element has been funded by a draw down on the Company's multi-currency facility.

A total of $5.3m, relating to acquisition costs, has been expensed in the profit and loss for the reporting period ending 31 December 2018.

Given the proximity of the acquisition to the date that the financial statements are authorised for issue, and as permitted by IFRS 3 Business Combinations, the fair values of acquired identifiable assets and liabilities could not be reliably estimated at this time. Fair values are being determined by an independent professional expert. The effects of the transaction have not been recognised at 31 December 2018. The assets and liabilities including EIHL's operating results are consolidated from 1 March 2019.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

US $'000	Notes	2018
Other operating income	4	35,988
Administration expenses		(28,363)
Operating income		**7,625**
Other interest receivable		(54)
Income before taxation		**7,571**
Tax on income on ordinary activities	6	–
Income for the financial period		**7,571**
Other comprehensive income		–
Total comprehensive income for the period		**7,571**

COMPANY STATEMENT OF FINANCIAL POSITION

US $'000	Notes	31 December 2018
Fixed Assets		
Investments	7	1,800,000
		1,800,000
Current assets		
Debtors	8	14,435
Cash and cash equivalents	9	2,242
		16,677
Creditors falling due within one year	10	(8,714)
Current assets less current liabilities		**7,963**
Total assets less current liabilities		**1,807,963**
Provisions	11	(44)
Net Assets		**1,807,919**
Capital and reserves		
Called up share capital	12	600,899
Share premium		3,135
Other reserve	13	1,192,033
Equity-settled incentive schemes		4,281
Retained earnings		7,571
Total equity		**1,807,919**

The notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 5 March 2019 and were signed on its behalf by:

CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER

JOHAN DEPRAETERE
CHIEF FINANCIAL OFFICER

COMPANY STATEMENT OF CHANGES IN EQUITY

US $'000	Called up share capital	Share premium	Other reserve	Equity-settled incentive schemes	Retained earnings	Total
At 12 March 2018	–	–	–	–	–	–
Capital contribution	1,800,000	–	–	–	–	1,800,000
Share capital reduction	(1,201,799)	1,799	1,200,000	–	–	–
Directors' subscriptions	2,698	1,336	–	–	–	4,034
Dividend	–	–	(7,967)	–	–	(7,967)
Equity-settled incentive schemes	–	–	–	4,281	–	4,281
Profit for the period	–	–	–	–	7,571	7,571
As at 31 December 2018	600,899	3,135	1,192,033	4,281	7,571	1,807,919

COMPANY STATEMENT OF CASH FLOWS

US $'000	Notes	2018
Operating activities		
Net income		7,571
Adjustment for:		
Dividends received from investments		(21,490)
Net change in operating assets and liabilities and other adjustments		(1,396)
Cash flows from operating activities		(15,315)
Investing activities		
Dividends received from investments		21,490
Acquisition of businesses		–
Cash flows from investing activities		21,490
Financing activities		
Proceeds from issuance of shares		4,034
Dividends paid		(7,967)
Cash flows from financing activities		(3,933)
Effect of exchange rate changes on cash and cash equivalents		–
Net increase in cash and cash equivalents		2,242
Cash and cash equivalents at beginning of the period		–
Cash and cash equivalents at end of the period	9	2,242

The notes are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Vivo Energy plc ('Vivo Energy' or the 'Company') was incorporated as a private limited company in the United Kingdom on 12 March 2018 and re-registered as a public limited company on 9 April 2018. Vivo Energy plc was incorporated in conjunction with the pre-IPO reorganisation of the Group. On 10 May 2018 the Company listed on the London Stock Exchange Main Market for listed securities and the Main Board of the securities exchange operated by the Johannesburg Stock Exchange by way of secondary inward listing. The Company operates as the holding company of a group which distributes and sells fuel, liquefied petroleum gas (LPG) and lubricants to retail and commercial consumers under the Shell brand. The Group sells aviation fuels, using the Vitol Aviation brand, as well as unbranded marine fuels. In addition, the Group generates revenue under convenience retail by leveraging on its retail network.

The Company is registered in England and Wales and is limited by shares (Registration number 11250655) under the Companies Act 2006. The address of the registered office is 5th floor, The Peak, 5 Wilton Road, London, SW1V 1AN, United Kingdom.

Effective 13 June 2018, the Company completed a court-approved reduction of capital. The purpose of the reduction of capital was to provide distributable reserves which will allow the Company to make future dividend payments. Following the reduction of capital, the number of issued shares and the rights attached to those shares remained unchanged. The nominal value of the ordinary shares in the capital of the Company was reduced by $1.00 from $1.50 to $0.50.

Vivo Energy plc (the 'Company') ownership structure is 28.95% owned by HIP Oil 2 B.V.; 28.81% owned by Vitol Africa B.V.; 9.19% owned by VIP Africa II B.V. and the remaining percentage is owned by a number of private shareholders and companies, none of whom own more than 20% of the issued share capital of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The Company's financial statements have been prepared on a going concern basis, under the historical cost accounting rules, in accordance with Financial Reporting Standard 102 (FRS 102) and those parts of the UK Companies Act 2006 applicable to companies reporting under FRS 102.

2.2 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in United States dollars ('US dollars'), which is also considered to be the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Monetary assets and liabilities expressed in foreign currencies at the end of the reporting period are translated into US dollars at the market rate ruling at the end of the reporting period.

2.3 Income tax

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates a taxable income. The Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.4 Financial instruments

Financial instruments are initially recognised when the Company becomes a party to the contractual provisions of the instrument. Trade receivables are initially recognised when they are originated. Financial assets are derecognised when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognised only when the Company has not retained control over the financial asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled or expired, and when its terms are modified and the cash flows are substantially different. Subsequent to initial recognition financial instruments are measured as described below.

Financial instruments measured at amortised cost

Except for debt instruments that are designated at fair value through profit or loss (FVTPL) on initial recognition, financial instruments that meet the following criteria are measured at amortised cost using the effective interest method:

- They are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

The amortised cost is reduced by impairment losses. Finance income or expense, foreign exchange gains and losses and impairments are recognised in profit and loss. The following financial assets and liabilities are classified and measured at amortised cost:

Cash and cash equivalents

Cash and cash equivalents include cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Other financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables when the recognition of interest would be immaterial.

2.5 Investments

Investments in subsidiary undertakings are stated at cost, less any provision for impairment.

2.6 Share-based payments

The Group operates a number of share-based payment plans using the Company's equity instruments. The fair value of the compensation given in respect of these share-based payment plans is recognised as a capital contribution to the Company's subsidiaries over the vesting period. The capital contribution is reduced by any payments received from subsidiaries in respect of these share-based payments. Details of the share-based payments, share option schemes and share plans are disclosed in note 30 'Share-based payments' in the consolidated financial statements.

2.7 Dividend policy

Dividends paid and received are included in the Company's financial statements in the period in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the year, approved by shareholders.

2.8 Share capital

Ordinary shares are classified as equity.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received is included in equity attributable to the Company's equity holders.

2.9 Going concern basis

The Company operates as an investment holding company for the Vivo Energy Group, holding investments in Vivo Energy Holding B.V. As the Company is an intrinsic part of the Group's structure, the Directors have a reasonable expectation that Group companies will continue to support the Company through trading and cash generated from trading for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

2.10 Critical accounting estimates and judgements

Certain accounting judgements and estimates are used when applying the Company's accounting policies. These estimates and judgements are not considered significant and do not have a significant impact on the financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

3. FINANCIAL INSTRUMENTS

The table below sets out the Company's financial instruments held at amortised cost:

US $'000	31 December 2018
Financial assets	
Debtors	14,435
Cash and cash equivalents	2,242
Total	**16,677**

US $'000	31 December 2018
Financial liabilities	
Trade payables	1,605
Intercompany payables	7,109
Total	**8,714**

4. OTHER OPERATING INCOME

US $'000	2018
Dividend from investments	21,490
Other income	14,498
Total	**35,988**

Other income is made up of employee benefit costs, representing 90% of the amount, recharged to Group companies with a mark-up of 10%.

5. ADMINISTRATION EXPENSE

Employee Costs

US $'000	2018
Salaries and wages	9,271
Share-based expense	4,281
Social security costs	166
Pension costs	31
Total	**13,749**

Since 2018 is the year of incorporation of the Company, the number of full-time equivalent employees as at 31 December:

No.	2018
Directors	6
Administration and support	18

6. INCOME TAX

The Company is subject to income tax in the United Kingdom on its net income as adjusted for tax purposes, at the rate of 19%.
At 31 December 2018, the Company had nil accumulated tax losses.

Deferred tax

No deferred tax asset has been recognised under the Company's accounting policy for recognising deferred tax assets.

A reconciliation between the actual income tax expense and the theoretical amount that would arise using the applicable income tax rate for the Company is as follows:

Reconciliation of effective tax

US $'000	2018
Profit before income tax	7,571
Tax calculated at 19%	1,438
Impact of:	
Expenses not allowable for tax purpose	2,629
Dividends received not subject to tax	(4,083)
Tax loss for which no deferred tax asset has been recognised	16
Total income tax expense	–

7. INVESTMENTS

US $'000	31 December 2018
At 12 March 2018	–
Acquisition of business	1,800,000
At 31 December	**1,800,000**

The Company acquired a 100% equity shareholding in Vivo Energy Holding B.V. during the year. Refer to note 18 for a summary of all subsidiaries, joint ventures and associates within the Group.

8. DEBTORS

US $'000	31 December 2018
Related party receivable	14,317
VAT receivable	72
Other receivable	46
Total	**14,435**

Receivable from related party arises from recharges of employee benefit costs. The amounts are unsecured, interest free and have no fixed date of repayment and are repayable on demand.

9. CASH AND CASH EQUIVALENTS

US $'000	31 December 2018
Bank	2,242

10. CREDITORS

US $'000	31 December 2018
Due within one year	
Trade payables	1,605
Related party payables	7,109
Total creditors	**8,714**

Payable to related parties relates to IPO costs and salary related expenses. The amounts are unsecured, interest free, have no fixed date of repayment and are payable on demand. Refer to note 6 in the consolidated financial statements for further details relating to IPO costs.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

11. PROVISIONS

US $'000	31 December 2018
Other provisions	44

12. CALLED UP SHARE CAPITAL

Share capital consists of 1,201,798,866 ordinary shares at the nominal value of $0.50 each. For further details, refer to note 20 in the consolidated financial statements.

13. OTHER RESERVES

The other reserves relate to the share capital reduction completed subsequent to the listing on the London and Johannesburg Stock Exchange Market. A realised profit available for distribution resulted from a transfer to other reserves from called up share capital.

14. DIVIDENDS

The Board has recommended a final dividend of circa 1.3 dollar cents per share, amounting to approximately $16m. Payment of this dividend is expected to be executed on 10 June 2019 to shareholders of record at close of business on 17 May 2019. The dividend will be paid out of distributable reserves as at 31 December 2018.

US $'000	2018
Interim dividend	7,967
Final dividend	15,838
Total dividend	**23,805**

15. RELATED PARTIES TRANSACTIONS

The Company discloses transactions with related parties which are not wholly owned with the same Group. It does not disclose transactions with members of the same Group that are wholly owned. All transactions during the period under review have been with members of the same group that are wholly owned.

16. EVENTS AFTER BALANCE SHEET PERIOD

For the events after balance sheet period refer to the note 32 in the consolidated financial statements.

17. OTHER MATTERS

The auditors' remuneration for the current year in respect of audit and audit-related services was $0.3m. Auditors remuneration relating to other non-audit services have been disclosed in note 7 of the consolidated financial statements. The consolidated accounts have been completed in accordance with requirements SI 2008/489.

The Directors are remunerated by the Company for their services to the Group as a whole. No remuneration was paid to them specifically in respect of their services to Vivo Energy plc for either year. Full details of the Directors' remuneration are disclosed in 'Directors' compensation' on page 146.

18. COMPANY UNDERTAKINGS

A list of all subsidiaries, indirectly held by Vivo Energy plc, except for Vivo Energy Holding B.V. which is 100% owned directly by Vivo Energy plc, in the Group as at 31 December 2018 is as follows:

Subsidiary	Incorporation	Class of share	Registered address	Shareholding
Vivo Energy Holding B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Investments B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Cape Verde Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Morocco Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Mauritius Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Mali Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Newco Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Ghana Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Kenya Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Uganda Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Guinea Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Côte d'Ivoire Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Burkina Faso Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Senegal Holdings Ltd.	Mauritius	Ordinary shares	Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius	100%
Vivo Energy Tunisia Holdings Ltd.	Mauritius	Ordinary shares	Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius	100%
Vivo Energy Madagascar Holdings Ltd.	Mauritius	Ordinary shares	Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius	100%
Vivo Energy Africa Holdings Ltd.	Mauritius	Ordinary shares	Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius	100%
Vivo Energy Mauritius Ltd.	Mauritius	Ordinary shares	Cemetery Road, Roche Bois, Port Louis, Mauritius	77.15%
Vivo Energy Botswana Pty Ltd.	Botswana	Ordinary shares	2nd Floor, Tholo 2, Plot 50369, Fairgrounds, Gaborone, Botswana	100%
Vivo Energy Namibia Ltd.	United Kingdom	Ordinary shares	202 Tacoma Street Suiderhof, Windhoek, Namibia	100%
Vivo Energy Burkina S.A.	Burkina Faso	Ordinary shares	Rond Point des Nations Unies, Ouagadougou Secteur 4 Section II Lot EX-TF 432 Parcelle III, Burkina Faso	58.79%
Vivo Energy Cabo Verde S.A.	Cape Verde	Ordinary shares	Avenida Amilcar Cabral, C.P 4, Mindelo, São Vicente, República de Cabo Verde	100%
Companhia Nacional de Navegacao Concha Verde Sarl.	Cape Verde	Ordinary shares	Avenida Amilcar Cabral, C.P 4, Mindelo, São Vicente, República de Cabo Verde	100%
Vivo Energy Côte d'Ivoire S.A.	Côte d'Ivoire	Ordinary shares	Rue des pétroliers, Zone Industrielle de Vridi, 15 BP 378 Abidjan, Côte d'Ivoire	66.67%
Vivo Energy de Guinée S.A.	Guinea	Ordinary shares	Aeroport Gbessia, Commune de Matoto, BP 312, Conakry, Guinea	100%
Vivo Energy Guinea Mining Sarl.	Guinea	Ordinary shares	Aeroport Gbessia, Commune de Matoto, BP 312, Conakry, Guinea	100%
Vivo Energy Kenya Ltd.	Kenya	Ordinary shares	Vienna court, East Wing, State House Crescent Road, P.O. Box 30142 Nairobi, Kenya	100%
Vivo Energy Malindi Ltd.	Kenya	Ordinary shares	Vienna court, East Wing, State House Crescent Road, P.O. Box 30142 Nairobi, Kenya	100%
Vivo Energy East Africa Ltd.	Kenya	Ordinary shares	Vienna court, East Wing, State House Crescent Road, P.O. Box 30142 Nairobi, Kenya	100%
Vivo Energy Provident Trust Ltd.	Kenya	Ordinary shares	Vienna court, East Wing, State House Crescent Road, P.O. Box 30142 Nairobi, Kenya	100%
Vivo Energy Liberia Ltd.	Liberia	Ordinary shares	c/o Law Offices of Yonah, Obey & Associates, 152 Cary Street, P.O. Box 3147, Monrovia Liberia	100%
Société Malgache des Pétroles Vivo Energy S.A.	Madagascar	Ordinary shares	Bâtiment B4 Golden Business Center – Lot II i A bis Morarano Alarobia-101, Antananarivo-Madagascar	72%

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

18. COMPANY UNDERTAKINGS CONTINUED

Subsidiary	Incorporation	Class of share	Registered address	Shareholding
Vivo Energy Mali S.A.	Mali	Ordinary shares	Hippodrome, Route de Koulikoro BP 199, Immeuble N°3293 – Bamako, Mali	77.05%
Société Vivo Energy Maroc S.A.	Morocco	Ordinary shares	Immeuble Le Zenith II, Lotissement Attaoufik, Route de Nouaceur, Sidi Maarouf Casablanca, 20190 Maroc	100%
Vivo Energy Africa Services Sarl.	Morocco	Ordinary shares	Casablanca Nearshore Park Shore 14 – 2ème étage Plateau 201, 1100 Bd Al Qods – Quartier Sidi Maârouf, 20270, Casablanca, Morocco	100%
Vivo Energy Senegal S.A.	Senegal	Ordinary shares	Quartier Hydrocarbures, BP 144 Dakar, Senegal	93.60%
Vivo Energy South Africa (Pty) Ltd.	South Africa	Ordinary shares	15th Floor Towers South, The Towers, 2 Heerengracht, cnr Hertzog Boulevard, Foreshore 8001, Cape Town, South Africa	100%
Société Vivo Energy Tunisie S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisie	100%
Société Butagaz Tunisie S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisie	100%
Société Sudgaz S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisie	65.01%
Société D'Exploitation et de Gestion des Points de Vente S.A.[1]	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisie	48.38%
Plateau Africa Holdings Ltd.	Canada	Ordinary shares	Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius	100%
Vivo Energy UK Services Ltd.	United Kingdom	Ordinary shares	5th Floor – The Peak, 5 Wilton Road, London, SW1V 1AN, United Kingdom	100%
Vivo Energy Ghana Ltd.	Ghana	Ordinary shares	Vivo House, Accra High Street, Accra, Ghana	74.34%
Vivo Energy Uganda Ltd.	Uganda	Ordinary shares	Plot 9/11 7th Street Industrial Area, Kampala, Uganda	100%
Vivo Energy Malindi Uganda Ltd.	Uganda	Ordinary shares	Plot 9/11 7th Street Industrial Area, Kampala, Uganda	100%
Vivo Energy Uganda Provident Trust.	Uganda	Ordinary shares	Plot 9/11 7th Street Industrial Area, Kampala, Uganda	100%
Vivo Energy Mozambique, Limitada (Ltda.)	Mozambique	Ordinary shares	Avenida Eduardo Mondlane, no. 1116 Maputo, Mozambique	100%
Vivo Energy Zambia Ltd.	Zambia	Ordinary shares	c/o Axis Advisory Limited, 3rd floor, Mpile office park, 74 Independence Avenue, Lusaka, Zambia	100%
Vivo Energy Sierra Leone Ltd.	Sierra Leone	Ordinary shares	KPMG House, 37 Siaka Stevens Street, Freetown, Sierra Leone	100%
Vivo Energy Sales and Marketing Ltd.	Nigeria	Ordinary shares	1, Murtala Mohammed Drive, Ikoyi, Lagos, Nigeria	100%

1 Société D'Exploitation et de Gestion des Points de Vente S.A is an entity incorporated in order to directly operate retail sites in Tunisia. There are three senior staff members appointed as shareholders with a total of 52% shareholding. All of them have no voting rights and cannot influence any decisions. Therefore the Group controls the entity and has the ability to affect returns through its power over the entity.

A list of all joint ventures and associates, indirectly held by Vivo Energy plc, in the Group as at 31 December 2018 is as follows:

Investment	Incorporation	Class of share	Registered address	Shareholding
Shell and Vivo Lubricants B.V.	Netherlands	Ordinary shares	Carel van Bylandtlaan 30, 2596 HR The Hague, The Netherlands	50%
Logistique Pétrolière S.A.	Madagascar	Ordinary shares	BImmeuble FITARATRA- 5 ème étage, Rue Ravoninahitriniarivo, Ankorondrano 101, Antananarivo, Madagascar	32.99%
Energy Storage Company Ltd.	Mauritius	Ordinary shares	Cemetery Road, Roche Bois, Port Louis, Mauritius	50%
Bradleymores Holdings Pty Ltd.	Botswana	Ordinary shares	Plot 50369 Fairgrounds Office Park, Gaborone, Botswana	50%
Mer Rouge Oil Storage Company Ltd.	Mauritius	Ordinary shares	Edith Cavell Street, Les Cascades, Port Louis, Mauritius	25%
Havi Properties (Proprietary) Ltd.	Namibia	Ordinary shares	18 Liliencron Street, The Village, Unit 20-22 Eros, Windhoek, Namibia	50%
Compagnie D'Entreposage Communautaire S.A.	Morocco	Ordinary shares	Route cotière 111, Km 6,5, Ghezouane, Mohammedia, Morocco	32.31%
Stogaz S.A.	Morocco	Ordinary shares	Rue Ferhat Hachad, Mohammedia, Morocco	50%
Maghreb Gaz S.A.	Morocco	Ordinary shares	Immeuble Tafraouti, Km 7,5 Route de Rabat, Ain Sebaa, Casablanca, Morocco	37.49%
Société de Cabotage Pétrolier S.A.	Morocco	Ordinary shares	27 Bd Zerktouni, Casablanca, Morocco	38.71%
Ismalia Gaz S.A.	Morocco	Ordinary shares	Km 9 Route d'El Hajeb, Meknes, Morocco	40%
Société Dakhla des Hydrocarbures S.A.	Morocco	Ordinary shares	11 Avenue de la Marine Royale, Dakhla, Morocco	33.33%
Tadla Gaz S.A.	Morocco	Ordinary shares	Km 7,5 Route de Rabat, Ain Sebaa, Casablanca, Morocco	50%
Société Marocaine de Stockage S.A.	Morocco	Ordinary shares	Lotissement des Pétroliers, Oued El, Maleh, Mohammedia, Morocco	12%
Société de Manutention de Carburants Aviation Dakar S.A.	Senegal	Ordinary shares	Dakar-Yoff, B.P. 8022 Yoff, Senegal	25%
Société Dakaroise D'Entreposage S.A.	Senegal	Ordinary shares	Cap des Biches, Rufisque, B.P. 59 Rufisque, Senegal	50%
Société D'Entrepots Pétroliers de Tunisie S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisie	30%
Société Bitumes de Tunis S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisie	50%
Société d'Exploitation et de Gestion des Pipelines de Rades S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisie	25%
Road Safety Ltd.	Ghana	Ordinary shares	Tema Shell Installation, Fishing Harbour Road, Tema, Ghana	50%
Chase Logistics Ltd.	Ghana	Ordinary shares	1 Alema Avenue, Airport Residential Area, Accra, P.O. Box AN 8743 Accra North, Ghana	8%
Société Guinéene des Pétroles S.A.	Guinea	Ordinary shares	Boulevard Maritim, Kaloum, BP 656, Conakry, Guinea	16.53%
Manutenção Caboverdeana Matec S.A.	Cape Verde	Ordinary shares	Rua dos Bombeiros – Zona Industrial CP 227 Mindelo – São Vicente Republica de Cabo Verde	15%
Baobab Energy Côte d'Ivoire Sarl.	Côte d'Ivoire	Ordinary shares	Rue des pétroliers, Zone Industrielle de Vridi, 15 BP 378 Abidjan, Côte d'Ivoire	50%

SHAREHOLDER INFORMATION

FINANCE CALENDAR 2018/19

Financial year-end	31 December 2018
Annual results announcement	6 March 2019
Q1 Trading update	7 May 2019
Annual General Meeting	7 May 2019
Final dividend payment	10 June 2019
Interim results announcement	1 August 2019
Q3 Trading update	23 October 2019

Please note these dates are provisional and subject to change.

ANNUAL GENERAL MEETING (AGM)

The AGM will be held on 7 May 2019 at:
Conrad Hotel
22-28 Broadway
London SWIH 0HB
United Kingdom

The meeting will start at 14:00 and registration will be possible from 13:30.

The Notice for the first AGM will be communicated to shareholders in a separate communication and shared on the investor relations website. For further details relating to the AGM refer to page 70 in the Governance Report.

DIVIDENDS

The Directors have adopted a progressive dividend policy while maintaining an appropriate level of dividend cover and sufficient financial flexibility in the Group. The Group targets an initial payout ratio of a minimum of 30% of net income.

A final dividend, for the year ended 31 December 2018, of 1.252 dollar cents per share will be proposed to shareholders resulting in a full dividend of 1.917 dollar cents per share for the year.

	Dividend per share	Record date	Payment date
10 May 2018 – 30 June 2018	0.665 dollar cents	17 August 2018	17 September 2018
1 July 2018 – 31 December 2018	1.252 dollar cents	17 May 2019	10 June 2019

All dividends will be declared in US dollars. Shareholders who hold shares through the London Stock Exchange and are resident in the UK, may elect to receive their dividends in pounds sterling and shareholders who hold shares through the Johannesburg Stock Exchange will automatically receive their dividends in South African rands.

MAJOR SHAREHOLDERS

As at 31 December 2018, the following interests in the ordinary share capital of the Company, to be disclosed under the Disclosure Guidance and Transparency Rules, ('DTR 5'), have been notified to the Directors. As of 5 March 2019, in accordance with DTR 5, the Directors received notifications from the Vitol Group and Helios Investment Partners Group that their respective percentage holdings have changed with no change to the number of ordinary shares in their interest. Capital Group has not provided a notification declaring a change in their interest post 31 December 2018 and therefore their percentage shareholding is presented as unchanged at 5 March 2019.

Shareholder name	31 December 2018 Percentage	5 March 2019 Percentage
HIP Oil 2 B.V.[1]	28.95	27.50
Vitol Africa B.V.[2]	28.81	27.37
VIP Africa II B.V.[2]	9.19	8.73
Capital Group Companies Inc.	5.25	5.25
HIP Oils NewCo Sarl[1]	1.65[3]	1.56
Engen Holdings (Pty) Limited	–	5.00

1 Members of the Helios Investment Partners.
2 Members of the Vitol Group.
3 Percentage holding held by HIP Oil B.V. at 31 December 2018.

The change in percentage holding follows the issuance of ordinary shares to Engen Holdings (Pty) Limited as part of the Engen acquisition, who in addition to the above mentioned entities has notified the Directors under DTR 5 of their interest in the ordinary share capital of the Company. The rights attached to the ordinary shares of the Company held by these shareholders are identical in all respects.

MANAGING YOUR SHAREHOLDING

Link Asset Services, the Company Registrar, provides our shareholders with online access to information regarding their investments as well as the services to assist in managing your shareholding on an online platform or telephonically.

Link Asset Services can be contacted via telephone on 0371 664 0300 (+44 20 8639 3399 outside the UK). Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Furthermore you may contact the Registrar by emailing shareholderenquiries@linkgroup.co.uk.

The registry is located at 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

SHAREHOLDER SECURITY

In recent years, share fraud has been increasing at an alarming rate. This entails shareholders receiving unsolicited phone calls or investment opportunities, known as boiler room scams. These opportunities are usually high risk and turn out to be worthless investments. The callers may sometimes imply a connection to Vivo Energy and provide misleading and incorrect information.

Investors are advised to be very wary of unsolicited advice, offers to sell shares at a discount or buy at a premium, or offers of free company reports. If you have been contacted by an unauthorised company or approached by investors with unsolicited advice you should contact the Financial Conduct Authority (FCA) using the share fraud reporting form at www.fca.org.uk/scams. You can find out more about investment security by visiting the FCA's website or by calling the helpline on 0800 111 6768 (overseas callers dial +44 20 7066 1000).

KEEPING IN CONTACT

Our Annual and Interim Reports, trading results, announcements and presentations can be found on the Investors relations website at https://investors.vivoenergy.com. Here you can find details of our business and operations and extensive information about the Vivo Energy Group.

To support efficient communication as well as being environmentally friendly we encourage shareholders to register to the mailing list on the investor relations website.

HISTORICAL FINANCIAL INFORMATION

SUMMARY INCOME STATEMENT

US $'000	2018	2017	2016	2015
Revenues	7,549,318	6,693,515	5,729,348	5,971,766
Cost of sales	(6,924,931)	(6,079,594)	(5,196,392)	(5,538,373)
Gross profit	**624,387**	**613,921**	**532,956**	**433,393**
Selling and marketing cost	(196,573)	(193,599)	(217,590)	(177,998)
General and administrative cost	(183,343)	(197,436)	(135,271)	(122,390)
Share of profit of joint ventures and associates	28,270	16,342	15,664	10,580
Other income (expense)	2,769	2,686	913	14,779
Earnings before interest and tax (EBIT)	**275,510**	**241,914**	**196,672**	**158,364**
Finance expense – net	(46,108)	(31,137)	(22,336)	(22,685)
Earnings before tax (EBT)	**229,402**	**210,777**	**174,336**	**135,679**
Income taxes	(83,343)	(81,124)	(75,622)	(66,936)
Net income	**146,059**	**129,653**	**98,714**	**68,743**

NON-GAAP MEASURES

US $'000, unless otherwise indicated	2018	2017	2016	2015
Volumes (million litres)	9,351	9,026	8,389	7,990
Gross cash profit	679,628	666,026	579,486	473,826
EBITDA	365,955	326,092	286,042	232,977
Adjusted EBITDA	400,208	376,128	302,191	240,348
Adjusted net income	177,712	170,592	108,866	74,313
Adjusted diluted EPS (US $)[1]	0.14	70.24	43.33	27.33

1 Refer to general information (note 1) in the consolidated financial statements. The adjusted diluted EPS disclosed for 2018 relates to Vivo Energy plc and prior years relates to Vivo Energy Holding B.V.

SEGMENT INFORMATION

US $'000, unless otherwise indicated	FY 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	FY 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Volumes (million litres)										
Retail	5,354	1,361	1,358	1,335	1,300	5,196	1,332	1,350	1,295	1,219
Commercial	3,863	1,005	932	970	956	3,701	925	893	945	938
Lubricants	134	34	33	34	33	129	32	32	33	32
Total	**9,351**	**2,400**	**2,323**	**2,339**	**2,289**	**9,026**	**2,289**	**2,275**	**2,273**	**2,189**
Gross cash unit margin ($ /'000 litres)										
Retail fuel (excluding Non-fuel retail)	75	71	74	77	79	78	80	80	78	76
Commercial	47	47	46	49	46	44	42	45	43	44
Lubricants	525	512	513	526	546	581	596	564	543	624
Total	**73**	**71**	**72**	**74**	**74**	**74**	**75**	**75**	**72**	**73**
Gross cash profit										
Retail (including Non-fuel retail)	427,959	103,936	106,959	109,228	107,836	429,434	113,914	113,010	104,184	98,326
Commercial	181,249	46,753	43,042	47,094	44,360	161,601	38,979	39,999	41,062	41,561
Lubricants	70,420	17,365	17,138	17,812	18,105	74,991	19,037	17,979	17,890	20,085
Total	**679,628**	**168,054**	**167,139**	**174,134**	**170,301**	**666,026**	**171,930**	**170,988**	**163,136**	**159,972**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US $'000	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Assets				
Non-current assets				
Property, plant and equipment	621,756	585,171	506,730	472,803
Right-of-use assets	148,263	148,413	135,929	122,001
Intangible assets	133,962	119,993	116,563	145,248
Investments in joint ventures and associates	223,452	218,801	50,709	42,830
Deferred income taxes	36,374	42,627	36,888	25,938
Financial assets at fair value through other comprehensive income	7,626	6,314	6,053	12,369
Other assets	100,908	82,171	80,666	36,002
	1,272,341	**1,203,490**	**933,538**	**857,191**
Current assets				
Inventories	440,767	353,129	332,572	282,817
Trade receivables	443,645	412,181	305,005	302,713
Other assets	254,999	229,068	170,510	230,262
Income tax receivables	19,478	8,452	9,280	6,688
Other financial assets	3,254	–	2,630	2,049
Cash and cash equivalents	392,853	422,494	368,653	299,755
	1,554,996	**1,425,324**	**1,188,650**	**1,124,284**
Total assets	**2,827,337**	**2,628,814**	**2,122,188**	**1,981,475**
Equity and liabilities				
Total equity				
Attributable to equity holders of Vivo Energy	532,959	401,546	548,465	484,275
Attributable to non-controlling interest	48,372	46,075	39,993	41,202
	581,331	**447,621**	**588,458**	**525,477**
Liabilities				
Non-current liabilities				
Lease liability	97,622	121,261	112,584	103,525
Borrowings	313,779	396,244	40,357	81,674
Provisions	75,150	91,982	81,616	77,547
Deferred income taxes	51,206	51,388	52,401	60,534
Other liabilities	143,631	168,245	140,037	131,601
	681,388	**829,120**	**426,995**	**454,881**
Current liabilities				
Lease liability	13,228	12,496	11,122	9,526
Trade payables	1,060,528	868,521	718,409	654,385
Borrowings	286,388	258,947	197,195	195,524
Provisions	15,177	20,866	24,745	35,868
Other financial liabilities	–	664	–	–
Other liabilities	165,196	152,409	93,300	84,648
Income tax payables	24,101	38,170	61,964	21,166
	1,564,618	**1,352,073**	**1,106,735**	**1,001,117**
Total liabilities	**2,246,006**	**2,181,193**	**1,533,730**	**1,455,998**
Total equity and liabilities	**2,827,337**	**2,628,814**	**2,122,188**	**1,981,475**

GLOSSARY

Term	Description
B2B	Business to business
B2C	Business to consumer
CAGR	Compound annual growth rate
CAPEX	Capital expenditure
DPO	Days payable outstanding
DSO	Days sales outstanding
DTR	Disclosure Guidance and Transparency Rules
EBIT	Earnings before finance expense, finance income and income taxes
EBITDA	Earnings before finance expense, finance income and income taxes, depreciation and amortisation
EBT	Earnings before income taxes
EIHL	Engen International Holdings (Mauritius) Limited
EPS	Earnings per share
ETR	Effective tax rate
ERP	Enterprise resource planning
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
FY	Full year
GAAP	Generally Accepted Accounting Principles
GDP	Gross domestic product
HSSE	Health, safety, security and environment
IFRS	International Financial Reporting Standards
IASB	International Accounting Standards Board
IFRS IC	IFRS Interpretation Committee
IPO	Initial public offering
JSE	Johannesburg Stock Exchange
KFC	Kentucky Fried Chicken
LIBOR	London Interbank Offered Rate
KPI	Key performance indicator
LPG	Liquefied petroleum gas
LTIF	Lost time injury frequency
LTIP	Long-Term Incentive Plan
M&A	Mergers and acquisitions
NCI	Non-controlling interest
OCI	Other comprehensive income
PP&E	Property, plant and equipment
Q	Quarter
QSR	Quick service restaurant
RCF	Revolving credit facility
ROACE	Return on average capital employed
SVL	Shell and Vivo Lubricants B.V.
TRCF	Total recordable case frequency
UK	United Kingdom
TJ	Terajoules

KEY CONTACTS AND ADVISERS

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report 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. In particular, the statements in the Risk section on page 49 of this report regarding the Group's strategy, targets, and other future events or prospects are forward-looking statements.

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.

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