

VIVO ENERGY PLC  
ANNUAL REPORT & ACCOUNTS 2019

# ENERGY



# TO GROW



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## THE VIVO ENERGY STORY

# DELIVERING GROWTH

ESTABLISHED IN 2011, WE ARE THE COMPANY BEHIND THE SHELL AND ENGEN BRANDS IN MULTIPLE AFRICAN MARKETS. WE SOURCE, DISTRIBUTE, MARKET AND SUPPLY HIGH-QUALITY FUELS AND LUBRICANTS TO RETAIL AND COMMERCIAL CUSTOMERS, IN ADDITION TO PROVIDING A GROWING NON-FUEL RETAIL OFFERING – MAKING OUR CUSTOMERS' EXPERIENCE WITH US MORE CONVENIENT AND REWARDING.

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 GREAT BRANDS AND THE FLEXIBILITY OF A VIBRANT, ENTREPRENEURIAL CORPORATE CULTURE. ALL SET AGAINST THE BACKDROP OF INCREASING DEMAND IN ONE OF THE WORLD'S FASTEST-GROWING REGIONS.



Vivo Energy delivered strong performance and a number of significant projects in 2019. The Board and I are pleased with both the direction of travel and future growth opportunities for the Company to capitalise on.'

**John Daly**  
Chairman

# 2019 HIGHLIGHTS

- STRONG OPERATING AND FINANCIAL PERFORMANCE.
- SUCCESSFUL MAJOR PROJECT DELIVERY, INCLUDING COMPLETION AND INTEGRATION OF ENGEN ACQUISITION AND UPGRADE OF ERP SYSTEM.
- STRONG FREE CASH GENERATION AND DISCIPLINED CAPITAL ALLOCATION.
- EXCELLENT SAFETY AND ENVIRONMENTAL PERFORMANCE.
- RECOMMENDING INCREASED RETURNS TO SHAREHOLDERS.

REVENUES  
US\$ million

**8,302**

**+10%**

VOLUME  
million litres

**10,417**

**+11%**

GROSS CASH PROFIT  
US\$ million

**743**

**+9%**

ADJUSTED EBITDA  
US\$ million

**431**

**+8%**

ROACE  
% (P.P. denotes percentage points)

**21**

**-2 P.P.**

ADJUSTED FREE CASH FLOW  
US\$ million

**325<sup>1</sup>**

**+111%**

NET INCOME  
US\$ million

**150**

**+3%**

RECOMMENDED DPS  
cents per share

**3.8**

**15%<sup>2</sup>**

TRCF  
per million exposure hours

**0.04**

**-79%**

<sup>1</sup> Includes timing-related working capital inflow of approximately \$111 million during the year. For more information, see page 39.

<sup>2</sup> Compared to pro-forma full year 2018 dividend.

## 2019 HIGHLIGHTS: ENERGY TO GROW

# DEMONSTRATING RESILIENCE

In 2019 we strengthened our reputation as a geographically diversified, dynamic and resilient business that has continued to deliver strong financial performance and has the potential for long-term sustainable growth.

We completed our transaction with Engen, further diversifying our business, welcoming around 300 new employees, adding eight new countries and over 200 Engen-branded service stations to our network, and increasing our opportunities in the Commercial and Lubricants businesses.

# 23

African countries with a Retail footprint



“

Our transaction with Engen Holdings opened an important new chapter for Vivo Energy: welcoming around 300 new employees, adding eight new countries to our network, further diversifying our business and increasing our target market by around 155 million people, to approximately 35% of the African continent.”

**Christian Chammas**

CEO, Vivo Energy

200+

Engen-branded  
service stations

8

new countries



## 2019 HIGHLIGHTS: ENERGY TO GROW CONTINUED

# CREATING A PLATFORM FOR GROWTH

We're laying the foundations for further success in our business, creating a platform for growth. We've developed and delivered our SAP S/4HANA Enterprise Resource Planning (ERP) system in the Shell-branded markets in record time, and this is already enabling new levels of automation and intelligence in our distribution chain. We can now access data in real time across our business, from one screen. This new way of working touches every part of our organisation and supply chain, including logistics, customer relationship management, HR, planning, finance and our suppliers.





Our ERP deployment has laid the foundation for simpler business processes, helping us to become more efficient throughout our supply chain and financial systems, and enabling our business to transform and grow.”

**Mike McCormick**  
CIO, Vivo Energy

**2,100+**

SAP users

**15**

countries live in  
under 30 months



## 2019 HIGHLIGHTS: ENERGY TO GROW CONTINUED

# INNOVATING FOR THE FUTURE

Our consumers and retailers are increasingly connected online and expect us to provide them with digitally enabled solutions that make their lives easier. In 2019, we began the process of automating our service stations and improving online engagement with Retail customers.

160 service stations in Kenya, Uganda, Ghana, Côte d'Ivoire and Botswana were automated during 2019, helping us to provide improved service and efficiency. Not only does automation benefit the customer, it also helps retailers because stock levels at sites are automatically monitored to ensure replenishment when required.

Secondly, in order to create a consistent experience with our offline and online customer brand, we have begun to launch Shell websites, social media platforms, and the Shell Africa app in our Shell-branded operating units (OUs). These are enabling us to engage and build relationships with our customers to help grow brand preference and provide a platform for our new loyalty programme. By the end of the year, six countries' websites and loyalty programmes were live, with deployment in the remaining Shell-branded countries and digital foundations for the Engen-branded countries planned for 2020.







We're constantly innovating and adapting to meet and exceed our customers' evolving needs."

**Polycarp Igathe**

EVP Sales and Marketing, Vivo Energy

160

service stations  
automated

6

Shell-branded  
websites live



WHO WE ARE

# A COMPANY ON THE MOVE

WE'RE A MARKET-LEADING, PAN-AFRICAN RETAILER AND DISTRIBUTOR OF HIGH-QUALITY FUELS AND LUBRICANTS TO RETAIL AND COMMERCIAL CUSTOMERS ACROSS THE CONTINENT, WITH A GROWING NON-FUEL RETAIL OFFERING.

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.

ADJUSTED EBITDA BY SEGMENT  
US\$ million



Non-GAAP measures are explained and reconciled on pages 42 to 43.

## RETAIL

Retail is the engine that powers our growth. At the end of 2019, our network comprised 2,226 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 and Engen-branded service stations, across 23 countries.

**NON-FUEL RETAIL**

Multi-branded convenience retail shops, quick service and fast casual restaurants, and other services including lubricant bays, car washes and ATMs.

## COMMERCIAL

Our Commercial business is founded on a proven proposition to thousands of customers. 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, as well as fuels to the wholesale market.

**AVIATION & MARINE**

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

## LUBRICANTS

We sell lubricants to commercial customers and retail consumers in our countries of operation, and also export to more than 10 additional African markets.

**RETAIL LUBRICANTS**

Providing products to consumers at our 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 and B2B customers, and also exporting to other African markets.



### HIGHLIGHTS

- Expansion of retail network by 17% through organic and inorganic growth.
- Development of Non-fuel retail offering with 123 openings and JVs with KFC franchisees extended to five markets.
- Roll-out of loyalty programmes across major markets.
- Increased penetration of premium fuels following major product launches during the year.

### GROSS CASH PROFIT including Non-fuel retail US\$ million

2019	454
2018	428
2017	429
2016	376
2015	289

### VOLUME million litres

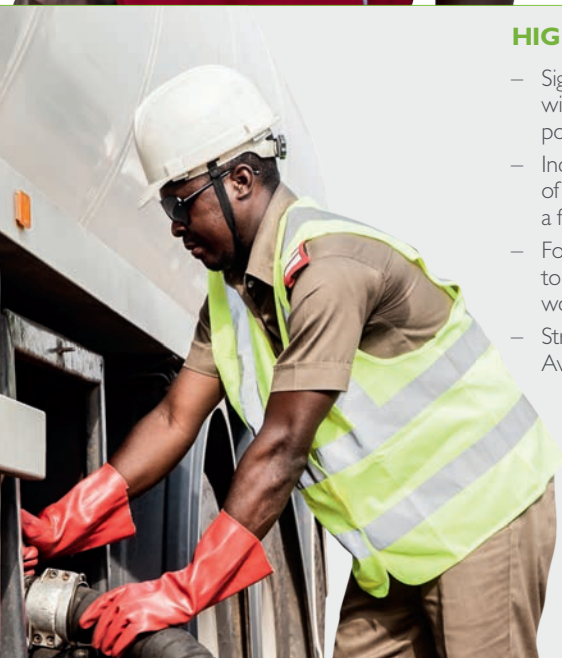
**5,900**

**+10%**

### UNIT MARGIN \$/'000 litres

**71**

**-5%**



### HIGHLIGHTS

- Signed regional contracts with major international power providers.
- Increased the number of LPG points-of-sale by a further 1,700 outlets.
- Focused on delivering value to mining customers and won five new mining tenders.
- Strong performance with Aviation customers.

### GROSS CASH PROFIT US\$ million

2019	214
2018	181
2017	162
2016	145
2015	138

### VOLUME million litres

**4,380**

**+13%**

### UNIT MARGIN \$/'000 litres

**49**

**+4%**



### HIGHLIGHTS

- Strong recovery in unit margins due to increased pricing across the portfolio.
- Successfully adapted distributor channel in North Africa to changes in market.
- Launch of new coolant portfolio in seven markets.

### GROSS CASH PROFIT US\$ million

2019	75
2018	71
2017	75
2016	59
2015	47

### VOLUME million litres

**137**

**+2%**

### UNIT MARGIN \$/'000 litres

**547**

**+4%**

## WHERE WE OPERATE

# A STRONG AND GROWING PRESENCE

THE ADDITION OF EIGHT NEW ENGEN-BRANDED MARKETS ON 1 MARCH 2019 HAS GIVEN US A MUCH STRONGER PRESENCE ACROSS LARGE MARKETS IN EAST AND SOUTHERN AFRICA.

AT THE END OF 2019, OUR RETAIL NETWORK COMPRISED 2,226 SERVICE STATIONS, SPANNING 23 COUNTRIES – AN INCREASE OF 17% SINCE THE BEGINNING OF THE YEAR.

WE CONTINUE TO OPERATE SIGNIFICANT COMMERCIAL AND LUBRICANTS BUSINESSES ACROSS THE CONTINENT.



## 01 TUNISIA

Total volume	1,114
Service stations	168
Market position	2

## 02 MOROCCO

Total volume	2,201
Service stations	355
Market position	2

## 03 CAPE VERDE

Total volume	251
Service stations	26
Market position	2

## 04 SENEGAL

Total volume	541
Service stations	118
Market position	2

## 05 MALI

Total volume	259
Service stations	43
Market position	1

## 06 GUINEA

Total volume	417
Service stations	100
Market position	2

## 07 CÔTE D'IVOIRE

Total volume	686
Service stations	222
Market position	2

## 08 BURKINA FASO

Total volume	325
Service stations	75
Market position	2

## 09 GHANA

Total volume	609
Service stations	235
Market position	2

## 10 UGANDA

Total volume	465
Service stations	154
Market position	1

## 11 KENYA<sup>1</sup>

Total volume	1,121
Service stations	227
Market position	1

## 12 NAMIBIA

Total volume	367
Service stations	64
Market position	1

## 13 BOTSWANA

Total volume	340
Service stations	87
Market position	2

## 14 MADAGASCAR

Total volume	210
Service stations	72
Market position	4

## 15 MAURITIUS

Total volume	488
Service stations	49
Market position	2



## 16 GABON

Total volume	123
Service stations	24
Market position	3

## 17 RWANDA

Total volume	48
Service stations	23
Market position	2

## 18 ZAMBIA

Total volume	84
Service stations	34
Market position	4

## 19 MALAWI

Total volume	32
Service stations	21
Market position	4

## 20 TANZANIA

Total volume	43
Service stations	10
Market position	13

## 21 REUNION

Total volume	178
Service stations	35
Market position	3

## 22 MOZAMBIQUE

Total volume	163
Service stations	21
Market position	3

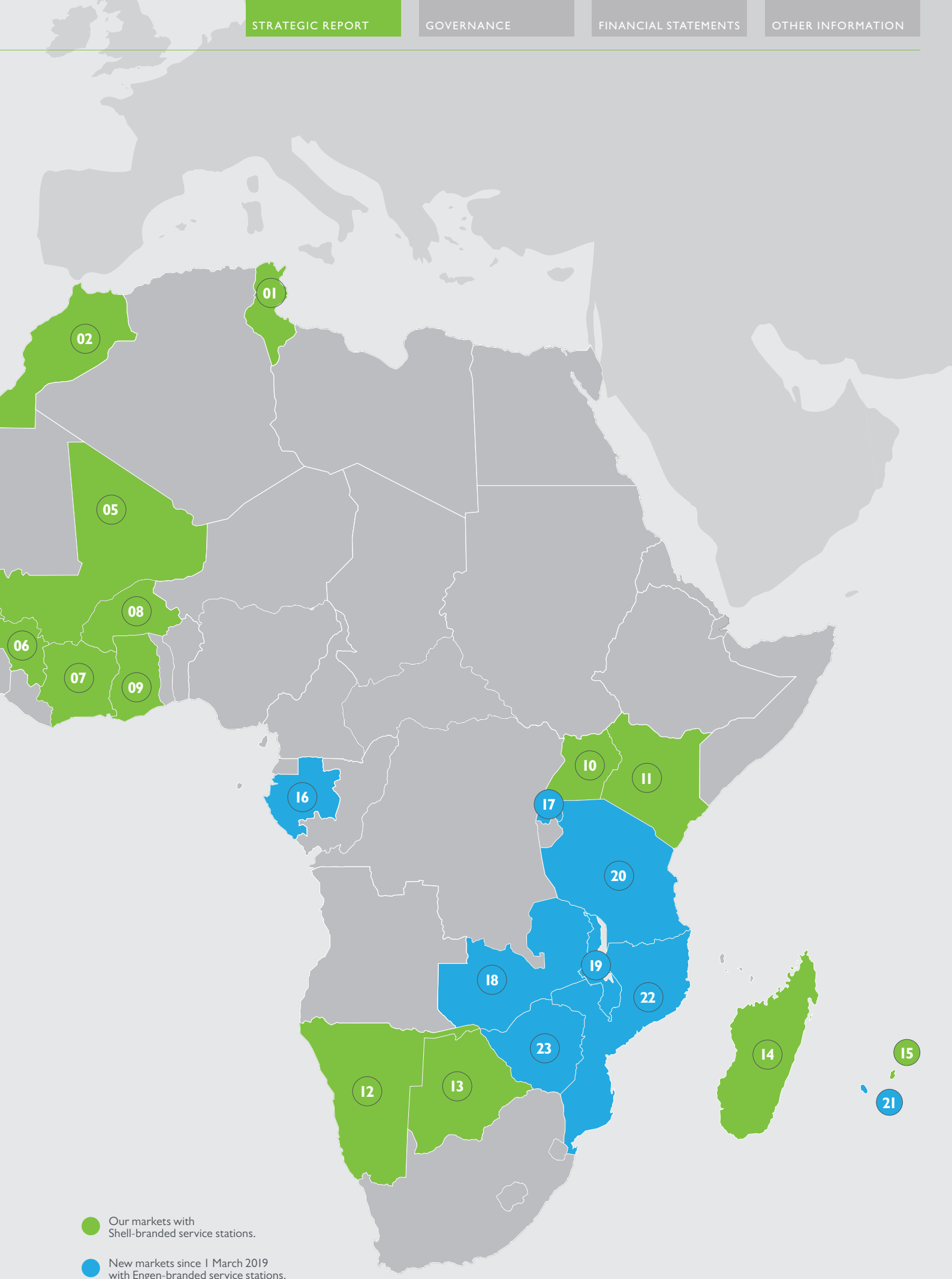
## 23 ZIMBABWE

Total volume	118
Service stations	63
Market position	4

Total volume is measured in million litres, and excludes volume related to supply trading, not allocated to countries.

<sup>1</sup> Includes contribution of operations acquired from Engen that were rebranded to Shell during the year.

<sup>2</sup> Volume for Engen-branded markets is based on 10 months' contribution in 2019.



- Our markets with Shell-branded service stations.
- New markets since 1 March 2019 with Engen-branded service stations.

## MARKET OVERVIEW

# MOMENTUM FOR GROWTH

ACROSS OUR MARKETS WE CONTINUALLY ADAPT TO FAVOURABLE MACRO TAILWINDS, CHANGING INDUSTRY TRENDS AND EVOLVING CUSTOMER AND COMPETITOR LANDSCAPES. THIS FLEXIBILITY HELPS DRIVE OUR GROWTH.

## MACRO TRENDS

### 1. POPULATIONS ARE RISING

The rapid increase in Africa's population is an underlying driver for our growth. Forecasts predict that by 2050 Africa will be home to 1.18 billion more people, representing 58% of the projected global population growth (source: UN World Population Prospects 2019). Additionally, estimates indicate that 60% of Africa's population is younger than 25 years old as of mid-2019, compared to 28% in developed regions (including Europe, Northern America, Australia, New Zealand and Japan), making Africa the world's youngest continent.

Africa's urban population is predicted to increase from 42% in 2015 to 60% in 2050 (source: United Nations forecasts). It is also projected that by 2030 the middle class in Africa will grow to 582 million people from 376 million people in 2013 (source: McKinsey).

### 2. GDPs ARE GROWING

Based on IMF data, Africa is expected to be the continent with the second fastest-growing GDP over the next five years, with our countries of operations (excluding Reunion) on average expected to grow by 5.0% per annum from 2019 to 2024. In turn this is expected to drive strong growth in consumer spending which will lead to increased car penetration and demand for our fuel and non-fuel products. While remaining well above developed market growth rates, this forecast growth has marginally slowed in the past 12 months due to global macro trends and specific markets in our portfolio, such as Tunisia and Namibia, experiencing weak economic growth.

## 60% <25yrs

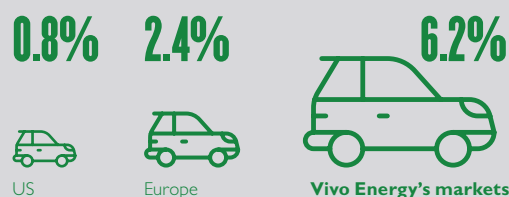
As of mid-2019, compared to 28% in developed regions, making Africa the world's youngest continent



## +5.0%

Expected average annual GDP growth in our markets from 2019 to 2024

### 3. VEHICLE NUMBERS ARE INCREASING



Increasing number of vehicles per region – CAGR from 2018 to 2023.

The rising population, urbanisation and GDP growth is driving rapid vehicle growth, with the number of vehicles in Sub-Saharan Africa growing at a CAGR of 6.2% from 2018 to 2023, compared to corresponding CAGRs of 0.8% in the United States and 2.4% in Europe (source: BMI forecasts).

In 2018, there were 25 million vehicles in our countries of operation, with an average of 60 vehicles per thousand people, compared to 553 in Europe and 806 in the United States, demonstrating the strong potential of car ownership growth in our markets.

### 4. INFRASTRUCTURE IS DEVELOPING

New estimates by the African Development Bank suggest that the continent's infrastructure needs amount to \$130-170 billion a year, helping drive our Commercial business. According to the Infrastructure Financing Trends in Africa 2018 report by the Infrastructure Consortium for Africa, spend on infrastructure across the continent reached a new high in 2018, surpassing the \$100 billion mark, a year-on-year increase of about 25% and 38% higher than the 2015 to 2017 average.

### WHAT THIS MEANS FOR VIVO ENERGY

These positive macro trends have supported, and will continue to support, Vivo Energy's business.

CITAC forecasts growth in demand for fuel across all of the Shell-branded markets at an average of 2.7% CAGR for the period from 2019 to 2024.

In the Engen-branded markets, CITAC forecasts fuel demand growing at an average of 3.6% CAGR for the period from 2019 to 2024.

Additionally, all of our Operating Units, with the exception of Côte d'Ivoire, Ghana and Gabon, are net oil importers and depend on fuel suppliers, such as Vivo Energy, to source and distribute fuel products (source: 2017 estimates, US Energy Information Administration).

# INDUSTRY TRENDS

## 1. EMBRACING DIGITAL

The rise in digital has transformed the way people live, work and shop. With digital and social technology, consumers can continuously engage and interact with companies. Fuel retailers including Vivo Energy are also benefitting from digital, improving efficiencies by using data from automated service station pumps.

### Our response

In order to create a consistent experience with our offline and online customer brands we've started the process of launching Shell websites and social media platforms in our Shell-branded OUs. These initiatives will enhance brand preference by engaging with customers and building strong relationships.

The Shell Africa mobile app was launched to our Retail customers in a number of countries to provide a platform to track and redeem points for our new loyalty programme.



Consumers are connected online and expect us to provide them with digitally enabled solutions

## 2. INCREASING FOCUS ON SUSTAINABILITY AND THE ENVIRONMENT

Following the signing of the Paris Agreement, governments, regulators, investors and consumers in developed markets have materially increased their focus on the environment and climate change over the past 12 months. This shift is seeing some consumers and investors move away from fossil fuels.

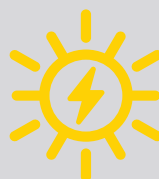
Development of electric vehicles (EVs) in our markets is expected to have a negligible impact on fuel demand in the foreseeable future. Uptake depends on several factors including relative cost, consumer acceptance, environmental policies, density of charging networks, and reliability of the electricity grid. Adoption is expected to be slower in Africa than developed markets, as income levels are lower, environmental standards are less prevalent and infrastructure is less developed.

### Our response

We're working to develop cleaner energy products, services, practices and policies that reduce our environmental impact. Initiatives include smarter depots and supply chains, optimising product deliveries to reduce distance travelled, more energy efficient service stations through initiatives such as solar power and LED lighting, and investigating hybrid solar solutions for our Commercial customers.

# >700

outlets and restaurants added to our network



Investigating hybrid solar solutions for our Commercial customers



## 3. DEMANDING MORE CONVENIENCE

Consumers in Africa are no different to those in developed markets. Driven by trends including greater urbanisation and higher disposable incomes, they're changing habits and lifestyles – and they're looking for added convenience in their increasingly busy lives. That includes retail and quick service food and beverage offerings that fit into their schedules. Today, service stations are seen as consumer retail hubs in many of our markets with consumers expecting more than just fuel.

### Our response

Since 2014, we've significantly expanded our convenience retail and quick service restaurant offering, adding more than 700 outlets and restaurants across the network. And we've brought premium, international and local brands, such as KFC, Burger King, Brioche Dorée, Java House and Chicken Inn to our operations.

## 4. INCREASING COMPETITION

We operate in largely fragmented markets and have witnessed an increase in activity from some of our larger scale competitors, in terms of new site openings and upgrades to service stations. In our operating countries, we've seen one larger player undertake a rebrand and another taken over by a new entrant into Africa's fuels market.

### Our response

We remain ranked number one or two in markets representing approximately 90% of our total volumes. We've achieved this by opening a site almost every three days to capture growing demand – offering differentiated fuels, quality service and customer promotions. During 2019, we consolidated our position within our Shell-branded markets. In our Engen-branded markets, we've opened 15 new service stations since we completed the transaction and are targeting increases in market share in those countries going forward.

## WHAT THIS MEANS FOR VIVO ENERGY

These changing industry trends demonstrate the importance of acting in a fast and agile way to stay ahead of the competition.

Our flat, customer-centric organisation, with a performance-driven operating culture, and speed of decision-making is central to our competitive position.

To maintain this position, we plan to continue to innovate and evolve, adapting to meet and exceed our customers' changing needs and desires.

## CHIEF EXECUTIVE OFFICER'S STATEMENT

# SEIZING OPPORTUNITIES, DRIVING GROWTH

2019 was another year of firsts for the Vivo Energy Group.

We completed our first full year as a public company, hosted our first Annual General Meeting, and issued our first Annual Report. We also completed our first large-scale acquisition. This brought eight new countries and a second international brand – Engen – into Vivo Energy. Additionally, we became the first company in Africa to complete the integration of a state-of-the-art SAP S/4HANA enterprise resource planning (ERP) system across our Shell-branded operations, which will provide many benefits over the coming years.

It's hard to believe that this business was created just eight short years ago. In that time we've almost doubled our footprint to 2,226 retail sites across 23 African countries, expanded our Commercial business significantly and increased sales to over 10 billion litres of fuel and lubricants per year, while developing a major non-fuel retail business at the same time. This would not have been possible without the fantastic teams we have within the business and the creation of a vibrant culture that relentlessly presses us forward. We're now well placed to continue to be entrepreneurial and nimble as we adapt, in order to capitalise on the opportunities and mitigate the threats that will arise in the coming years.

Vivo Energy is an integral part of day-to-day life on the African continent. The economies of the countries where we operate are amongst the fastest-growing in the world, with young populations who are increasingly affluent and mobile – and this drives demand for the many products that we sell across our retail sites. We're also seeing continued growth in infrastructure investment, which encourages both near-term demand as well as future prosperity. Our operations enable consumers to get to work, help professional drivers to earn a living, and support the development of thousands of local and international businesses that rely on our fuels and lubricants to drive their operations, and the growth of a continent, forward.

## PERFORMANCE HIGHLIGHTS

Still in the early years of our life as a public company, we recognise that building a track record is critical to future success. We're delighted to report that we again delivered against our guidance, meeting our volume expectations and exceeding our margin expectations. Our volumes grew by 11%, to 10,417 million litres, supported by the contribution from the new Engen-branded markets and the opening of a net total of 96 new service stations, with 15 of those under the Engen-brand. Volume growth in our Shell-branded markets amounted to 1%, with Retail growth of 2% (3% in H2 19). Shell-branded volume growth has been impacted by a deliberate focus on maximising our gross cash profit in Ghana and Uganda, which are deregulated markets, slower demand growth in large markets such as Tunisia, Côte d'Ivoire and Mali, and increased competitor site openings. Our Shell-branded Commercial volumes were slightly down year-on-year as we made a tactical decision to move away from the wholesale business in several markets due to the low returns on offer. This decision helped drive strong Commercial margins, which together with the focus on gross cash profit, as well as increased non-fuel retail and premium fuel contribution, led to Group gross cash unit margin of \$71 per thousand litres for 2019. This was lower than 2018 (\$73), due to the change in market conditions experienced since H2 18 in Morocco.

Together, these factors increased gross cash profit by 9% to \$743 million for the year, which led to continued year-on-year adjusted EBITDA growth. Group adjusted EBITDA of \$431 million was 8% higher than 2018, with strong adjusted free cash flow. Net income of \$150 million was slightly ahead of the previous year, but due to lower special items, higher net finance expenses and a higher effective tax rate, adjusted diluted earnings per share fell from 14 cents to 12 cents for the year.





As a result of the Engen acquisition and growth of our existing network, 2019 saw us grow our number of service stations by an impressive 17%.”

**Christian Chammas**  
Chief Executive Officer

The strong cash flow enabled us to continue to reduce our leverage, with net debt to adjusted EBITDA falling to 0.48x. As a result of the increased balance sheet flexibility and the desire to provide attractive returns to shareholders, the Board has recommended an increase in the final dividend to 2.7 cents per share, bringing the full year dividend to 3.8 cents per share, up from 1.9 cents in 2018. This is in line with our progressive dividend policy and represents 35% of attributable net income. If approved at our Annual General Meeting, the final dividend will be paid to shareholders on 8 June 2020.

As announced in January 2020, the Company's subsidiary in Morocco has received a report from the investigators in charge of the Conseil de la Concurrence's (the CdC) ongoing review of the competitive dynamics of the Moroccan fuel retailing industry. Vivo Energy Morocco will have the opportunity to provide submissions in response to the report in accordance with the procedures set out in the applicable laws of Morocco. These submissions along with the report will then be considered by the board of the CdC prior to any ruling being made, which if unfavourable may be appealed in accordance with the laws of Morocco. We believe that Vivo Energy Morocco has at all times conducted its operations in accordance with applicable competition laws, rules and regulations.

We are a highly diverse and resilient business. Although the Moroccan retail fuels business remains our largest business, its adjusted EBITDA contribution fell from 18% in 2018 to 13% in 2019, due to changes in market conditions in Morocco, the increased contribution from the Engen transaction and strong growth in other countries and segments. Notwithstanding its lower contribution, there continued to be focus on the Moroccan Retail market during the year. It remains an attractive market for us and we continued to develop our fuel and non-fuel network in the country. We continued to invest into the business and completed an exciting investment to expand in the south of the country in the fourth quarter.

## CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

### MAJOR PROJECTS

The year was marked by the successful completion of two major projects: the integration of Engen and the deployment of our new ERP system.

We welcomed around 300 new employees and added over 200 Engen-branded service stations to our network across eight new countries through the Engen transaction and I've been very impressed at how quickly the new teams have become fully integrated into our operational culture. I've visited many of the new countries and am delighted to see the pace of change as we upgrade and expand the networks, with 83 sites refurbished and 15 new sites opening in the first 10 months of our ownership. There is huge potential for growth in these markets, using the established Vivo Energy business model.

Having developed and deployed our new ERP system in Kenya and Uganda in 2018, it was an impressive feat to complete the roll-out to the remaining 13 Shell-branded countries by August 2019. The new system lays the foundation for simpler business processes, greater efficiency and a platform that will enable our business to transform and grow. Our focus has now shifted to deploying the system in our Engen-branded countries and deriving the full benefits for the business.

### OUR STAKEHOLDERS

As one of the leading African companies operating on the continent, it's vitally important that we run our business in a responsible manner for all of our stakeholders. As we progress towards our vision of becoming the most respected energy business in Africa, our Board of Directors has this year adopted our Purpose Statement: "To safely provide innovative and responsible energy solutions to Africa, which enable growth and development of the continent and its people."

As you'll read later in this report, we've already taken significant steps to minimise our impact on the environment through efficiency measures and solar initiatives, recognising the potential impact that climate change could have on our operating countries. We continue to invest into our communities to drive access to education, road safety and environmental initiatives, and most importantly, we've continued to demonstrate a very strong Health, Safety and Security record. Given we transport and sell volatile products across the continent, management of health and safety to keep our employees, customers and communities safe is critical to our success and is an area where we will never lose focus.

The development of our people is also core to our success. We operate a decentralised business, where local teams are empowered, but held accountable for performance and governance. We place great emphasis on providing careers and not just jobs for our people. We believe that we're developing the next generation of business leaders by giving them opportunities across our business to experience different roles, leadership and cultures, to the ultimate benefit of our employees, our businesses and our communities alike.

# \$743M

**Gross cash profit**  
increased 9% year-on-year

# 0.04

**HSSE**  
Strong HSSE performance during the year with Total Recordable Case Frequency of 0.04 incidents per million exposure hours

### LOOKING AHEAD

The coming year will be exciting as we continue to adapt in order to grow our business. We will look to capture the opportunity in our Engen-branded markets and to harness the potential from the new ERP system and the digital eco-system that it enables, as well as returning to the basics of our retail model.

Ensuring that ever more customers are attracted to and return to our sites – by providing the best possible customer experience through our product offering, loyalty programmes and customer service excellence – remains at the heart of our business.

We have entered 2020 with good momentum and look forward to another year of strong performance. We expect to deliver mid-single digit gross cash profit percentage growth in 2020. This will be driven by: improved volume growth in the Shell-branded markets; organic growth in the Engen-branded markets; two months of additional Engen contribution in the first quarter due to the timing of the Engen transaction in 2019; and broadly stable gross cash unit margins. Capital expenditure is expected to be slightly ahead of 2019 levels at between \$150-160 million as we invest in growing and upgrading the retail network across all 23 countries, with 80-100 net new sites targeted for the year.

While there have only been a limited number of confirmed cases of the Coronavirus on the African continent to date, we are closely monitoring this evolving situation and any potential impact it may have on our business.

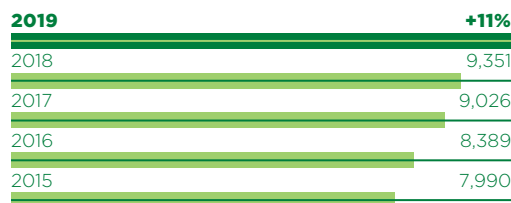
It has been another intense year of effort for the team at Vivo Energy and I would like to extend my thanks to everyone for their remarkable contribution and determination to succeed during the past 12 months.

I believe 2020 will be a year rich with potential. Fuelled by the skills of our teams, we have the energy to grow and are well-positioned to capitalise on the opportunities ahead.

**CHRISTIAN CHAMMAS**  
CHIEF EXECUTIVE OFFICER

**VOLUME**  
million litres

# 10,417



**ADJUSTED EBITDA**  
US\$ million

# 431



In eight short years, we have nearly doubled our network of service stations

# CEO VISITS 2019

# 10

Countries visited

- 01 Tunisia
- 02 Morocco
- 03 Senegal
- 04 Burkina Faso
- 05 Ghana
- 06 Kenya
- 07 Tanzania
- 08 Zambia
- 09 Zimbabwe
- 10 South Africa



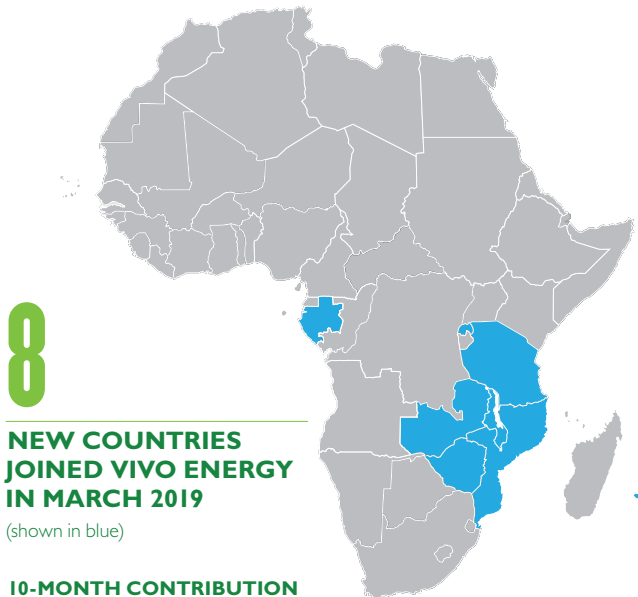
### AFRICAN COUNTRIES VISITED

The CEO recognises the importance of engaging employees, customers and other key stakeholders in the Group's business across Africa. During the course of 2019, he visited nine of our operating units in Africa, plus South Africa, visiting some of these countries multiple times. These trips typically included townhall meetings with employees; business review meetings with the managing director and country leadership teams; visiting and opening new service stations and convenience retail outlets; meeting with government stakeholders; and attending community investment events.

## ENGEN SPOTLIGHT

# AN EXCITING NEW CHAPTER

ON 1 MARCH 2019, WE COMPLETED THE TRANSACTION TO ACQUIRE ENGEN INTERNATIONAL HOLDINGS (MAURITIUS) LIMITED, ADDING OPERATIONS IN EIGHT NEW COUNTRIES TO OUR NETWORK.



## 10-MONTH CONTRIBUTION

**VOLUME**  
million litres

# 987

**GROSS CASH PROFIT**  
US\$ million

# 75

**ADJUSTED EBITDA**  
US\$ million

# 42



## INTEGRATING ENGEN'S OPERATIONS

Ahead of the completion of the transaction in March 2019 we undertook detailed integration planning and have delivered well against that plan. In these new markets, our key focus has been to implement our operating model and performance-driven culture, in order to achieve long-term growth.

We implemented a 'balanced scorecard' covering financial, operational and sustainability metrics in each of the new operating units. This both empowers and holds accountable local management teams. At the same time, we provided strong central support to the new teams as they developed to ensure they were able to adapt to the Vivo Energy requirements. As there is limited overlap between the Engen and Shell-branded markets there have been limited financial synergies, although we have realised some cost savings following the combination.





## FUTURE OPPORTUNITIES

The primary rationale behind the Engen acquisition was the opportunity to replicate what we have already achieved in our Shell-branded markets, by energising an established business.

The primary driver of increased profitability in regulated markets is to drive volume growth, and we plan to increase the retail network across the new markets through a combination of new service stations and the rebrand of existing competitor sites. This growth, together with the upgrading of the existing network and the expansion of the non-fuel offering, is expected to lead to significant growth in volumes and market share.

During 2019, we launched our Shining Sites project to improve and uplift the network, provide assurance that standards are being met at the service stations, identify non-compliance and implement remedial action activities – all with the aim of making the service stations more welcoming for our customers. By the end of the year, 83 sites had been 'shined'. In line with our plan 14 sites in Kenya were rebranded to Shell and 15 new Engen-branded service stations were opened during the year.

We also believe there is a major opportunity to drive commercial volumes by expanding value-added offerings to mining customers and adopting a more strategic approach to large industrial customers. We've already won significant supply contracts in the Commercial sector. This has driven growth and will generate further benefits over the next six months. In addition, we've implemented systems across the new countries to improve financial efficiency and drive ROACE.

Our good progress is demonstrated by the 10 months of contribution to the Group's full year results made by the new Engen-branded markets, with volumes for the 10-month period since March of 987 million litres, gross cash profit of \$75 million, adjusted EBITDA of \$42 million and net income of \$12 million.

## ALIGNING ENVIRONMENTAL STANDARDS

We've also focused on ensuring that environmental, health and safety, and compliance procedures and standards across the new business are aligned with our exacting standards. Where appropriate we've implemented upgrades to ensure compliance.



# 7%

Increase in Engen-branded retail network (excluding sites in Kenya rebranded to Shell)

**BUSINESS MODEL AND VALUE CREATION**

# HOW WE CREATE VALUE

OUR INTEGRATED MODEL, TOGETHER WITH OUR STRONG OPERATING CULTURE OF FOCUSING, SIMPLIFYING AND PERFORMING, DRIVES COMPETITIVE ADVANTAGES IN OUR MARKETS AND SUPPORTS OUR VISION TO BECOME THE MOST RESPECTED ENERGY COMPANY IN AFRICA.

## OUR RESOURCES & RELATIONSHIPS

### ASSETS

We have a well invested, depreciated, and integrated network of retail sites, customer facilities and depots.

### EMPLOYEES

Our 2,694 diverse, talented and local people form a de-centralised and high performing team.

### BRAND

We operate under the global Shell brand, and a leading African brand, Engen.

### FINANCIAL STRUCTURE

Our resilient unit margins, structurally negative working capital and high operational leverage delivers sustainable cash generation.

### PARTNERSHIPS

We maintain strong relationships with our customers, retail dealers, distributors, communities, joint venture partners and host governments.

## OUR INTEGRATED MODEL...

### SUPPLY

We supply our operations through our access to diverse providers of supply, ranging from oil traders and government refineries to our lubricant blending plants, ensuring cost effective security of supply.

In 2019, Vitol supplied around 30% of fuel products, under an arm's length agreement, with standard market terms and conditions.

### STORAGE

On a continent where storage is scarce, we store up to one billion litres of fuels, equivalent to one month of supply, at either owned or shared facilities.

### DISTRIBUTION

We distribute products using strong partnerships with trusted local transport companies, as well as pipelines and rail where it makes sense.



## ...PROVIDES A SUSTAINED COMPETITIVE ADVANTAGE...


Size of our footprint and relationships with suppliers enables us to source fuels at highly competitive prices.

Infrastructure provides major barrier to entry to others, and growing volumes drive efficiencies.

Our model provides operational control over road transport, enabling us to implement our exacting HSE standards and controls.

## ...WHILE EFFECTIVELY MANAGING OUR RISKS

Risk management is embedded in the operational responsibilities of management and is an integral part of our overall governance, planning and decision-making.

 More information in the Resources and Relationships section on pages 44 to 57.



## OUR OUTCOMES

### RETAIL

We supply high-quality fuels, lubricants, food and convenience retail offerings at a network of 2,226 Shell and Engen-branded service stations. The majority of sites are owned by us, but operated by local dealers, reducing risk and utilising local knowledge.



In 20 of 23 markets, pump prices are set by governments. Our leading brands and strong customer offering drive our industry-leading average throughput per site.

### COMMERCIAL

We supply thousands of commercial customers with fuels and lubricants across the transport, infrastructure, mining, aviation and marine sectors. In addition we supply LPG to consumers and commercial customers.



Diversified mix of businesses across long-term contracts, tender business and spot sales, with a proven proposition to add value to customers beyond supply.

### CUSTOMERS

- Over 800,000 customers per day at our sites
- Leading average market share in Shell-branded countries with an established position in Engen-branded markets
- Ever increasing food and convenience retail offering

### EMPLOYEES

- Industry-leading safety record
- Significant investment in training and development
- Increasing proportion of female employees

### INVESTORS

- Strong return on average capital employed
- Increasing shareholder returns
- Conservative financial position

### RESPONSIBLE CORPORATE CITIZEN

- Commitment to minimise environmental impact
- Investment into communities
- Significant tax payer, and collector, for host country governments

We categorise our 12 principal risks into strategic, operational, financial, HSSE and compliance risks and manage these through a strong internal control framework.

 More information on pages 58 to 65.

 More information on pages 44 to 57.

STRATEGIC OBJECTIVES

# OUR STRATEGY

OUR STRATEGY HAS GIVEN US ENERGY TO GROW, AND WILL CONTINUE TO GUIDE 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 business;
- 4 To pursue value-accretive growth; and
- 5 To maintain attractive and sustainable returns through disciplined financial management.



In Morocco we partnered with the national road safety organisation to launch #CodeWahed. This awareness campaign encourages members of the public to comply with a simple set of road safety rules.

# 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.

This means being a respected member of the communities in which we operate, doing business the right way, and aiming to operate to the highest HSSE and operational standards.

WHAT WE DID DURING THE YEAR

- Achieved strong HSSE performance, ahead of targets and industry peers, including zero Recordable Case or Long-Term Injury incidents in our Shell-branded countries.
- Ran 97 community investment projects focused on road safety, education and the environment, totalling \$1.2 million.
- Developed our Purpose Statement.





## 2

## PRESERVE OUR LEAN ORGANISATIONAL STRUCTURE AND PERFORMANCE-DRIVEN CULTURE

SINCE OUR FORMATION IN 2011, OUR BUSINESS HAS BEEN BUILT ON A FLAT, CUSTOMER-CENTRIC ORGANISATION WITH A LEAN CENTRAL MANAGEMENT TEAM.

Our 'Focus, Simplify, Perform' operating culture enables fast decision-making, encourages agility, and is fundamental to our competitive position.

Our locally empowered country teams, overseen by an experienced and responsive senior executive team, have also been instrumental in our success.

### WHAT WE DID DURING THE YEAR

- Focused on integrating our new Engen-branded markets into our systems, supply network and culture.
- Implemented a scorecard covering financial, operational and sustainability metrics in each of the new markets, to empower local management teams and also hold them accountable.
- Provided strong central support to the new markets to ensure they are able to adapt to our requirements, including our stringent environmental and safety standards.
- Retained our organisational structure and continued to incentivise our employees by linking compensation to measurable performance.



## STRATEGIC OBJECTIVES CONTINUED

## 3

## MAXIMISE THE VALUE OF OUR EXISTING BUSINESS

WE'VE CONTINUED TO INNOVATE, OFFERING OUR CUSTOMERS DIFFERENTIATED, RECOGNISED AND HIGH-QUALITY FUEL AND NON-FUEL PRODUCTS AND SERVICES.

Utilising our multiple trusted and valued brands – including Shell and Engen – has helped improve the customer experience, generate new revenue streams and maximise cross-selling opportunities.

The optimisation and further development of our existing retail network is a key strategic focus.

### WHAT WE DID DURING THE YEAR

- Launched digital programmes to understand the spending habits of our customers and capture more business, for example through targeted marketing.
- Continued to leverage the power of our premium brands – primarily Shell (as the number one fuel brand in Africa) and Engen (as a leading regional brand) – to capitalise on increasing consumption, and demand for better quality fuels, lubricants and convenience products.
- Continued to invest in technology (including automation), logistics and supply chain infrastructure, to support increased returns and growth.



## 4

## PURSUE VALUE-ACCRETIVE GROWTH

WE EXPANDED OUR RETAIL NETWORK IN EXISTING MARKETS BY BUILDING NEW SERVICE STATIONS, ACQUIRING NEW SITES AND UPGRADING EXISTING RETAIL SITES TO FULFIL UNREALISED POTENTIAL.

One of our main focuses is to add more non-fuel convenience retail and quick service restaurant offerings through partnerships with well-established global and regional brand partners.

In parallel, we plan to harness the opportunities presented by mining, construction and infrastructure projects in Africa, to contribute to the continued growth of our Commercial and Lubricants businesses.



## 5



We've entered into a Non-fuel retail joint venture to accelerate the roll-out of KFC restaurants in Kenya, Uganda and Rwanda. These markets currently have over 30 KFCs. We plan to invest to grow the number of restaurants to offer more convenience to our customers.

## MAINTAIN ATTRACTIVE AND SUSTAINABLE RETURNS THROUGH DISCIPLINED FINANCIAL MANAGEMENT

WE HAVE A STRONG FINANCIAL AND OPERATIONAL TRACK RECORD OF VOLUME AND ADJUSTED EBITDA GROWTH AND DISCIPLINED CAPITAL EXPENDITURE.

This is underpinned by a robust financial controls framework and comprehensive internal audit process with strict credit and currency exposure management.

### WHAT WE DID DURING THE YEAR

- Continued to implement our successful strategy of maximising our ROACE and maintaining our profit margins by focusing on disciplined capital allocation and incentivising local management.
- Continued our established track record of strict cost management, by keeping general and administrative spend broadly flat year-on-year, excluding special items, despite the addition of eight new markets.
- Maintained a sustainable capital structure to maximise total shareholder returns and to continue to drive sustainable growth.

### WHAT WE DID DURING THE YEAR

- Complemented our strategy of growth through selective entry into new markets, as demonstrated by the Engen acquisition.
- Added an additional net total of 96 new service stations across our markets, in addition to the over 200 Engen-branded service stations that joined in March, plus 123 new Non-fuel retail outlets to provide convenience and 'quick service' to our customers.
- Completed investment with Myher Holding to store, market and distribute Shell-branded fuels and lubricants in the south of Morocco.
- Agreed joint venture to accelerate the roll-out of KFC restaurants in Kenya, Uganda and Rwanda.



## KEY PERFORMANCE INDICATORS

## OUR KPIs

THESE KPIs SHOW OUR PERFORMANCE FOR 2019 ALONGSIDE THOSE ACHIEVED DURING THE PREVIOUS FOUR YEARS, TOGETHER WITH A BRIEF EXPLANATION OF THE KEY DRIVERS. WE'VE CHOSEN TO USE FINANCIAL, GROWTH AND HSSE KPIs IN ORDER TO PROVIDE A ROUNDED VIEW OF OUR PERFORMANCE.

## LINKED TO STRATEGIC OBJECTIVE:



Non-GAAP measures are explained and reconciled on pages 42 to 43.

## FINANCIAL KPIs

## GROSS CASH PROFIT

US\$ million

2019	743
2018	680
2017	666
2016	579
2015	474

## DEFINITION

Gross profit after direct operating expenses and before non-cash depreciation and amortisation recognised in cost of sales. Reference to 'cash' in this measure refers to non-cash depreciation and amortisation as opposed to the elimination of working capital movements.

## PERFORMANCE DRIVERS

- Volume and gross cash unit margin performance

③  
④  
⑤

## NET INCOME

US\$ million

2019	150
2018	146
2017	130
2016	99
2015	69

## 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 EBITDA

US\$ million

2019	431
2018	400
2017	376
2016	302
2015	240

## 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

ADJUSTED FREE CASH FLOW<sup>1</sup>

US\$ million

2019	325
2018	154
2017	143
2016	167
2015	-25

## 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

<sup>1</sup> Prior year comparatives were reclassified to provide a consistent presentation to 2019. Refer to note 2.1 in the consolidated financial statements.

## GROWTH KPIs

### VOLUME

million litres

<b>2019</b>	<b>10,417</b>
2018	9,351
2017	9,026
2016	8,389
2015	7,990

#### DEFINITION

Total product volumes sold during the year. **3**

#### PERFORMANCE DRIVERS

- Sales and promotion activities **4**
- Loyalty card system **5**
- New and existing contracts with commercial customers and cross-selling

### GROSS CASH UNIT MARGIN

US\$/'000 litres

<b>2019</b>	<b>71</b>
2018	73
2017	74
2016	69
2015	59

#### DEFINITION

Gross cash profit per 1,000 litres of sales volume. **3**

#### PERFORMANCE DRIVERS

- Pricing structure in regulated markets ensure stable margins **4**
- Competitive pricing strategies in deregulated markets **5**
- Foreign currency exposure risk management to ensure US dollar margins are protected
- Optimised supply chain and efficient operations
- Increase penetration of differentiated fuels

### TOTAL RETAIL SERVICE STATIONS

<b>2019</b>	<b>2,226<sup>1</sup></b>
2018	1,900
2017	1,829
2016	1,726
2015	1,628

#### DEFINITION

Total number of revenue generating retail service stations. **3**

#### PERFORMANCE DRIVERS

- Self-funding CAPEX through operating cash flow **4**
- Significant white space opportunity **5**
- Securing land leases and strategically located sites

<sup>1</sup> 2019 includes more than 200 retail service stations acquired as part of the Engen acquisition.

### ROACE

%

<b>2019</b>	<b>21</b>
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. **2**

#### PERFORMANCE DRIVERS

- Disciplined capital allocation with rigorous return requirements **3**
- Incentivise performance: employee compensation linked to ROACE **4**

## HSSE KPIs

### TOTAL RECORDABLE CASE FREQUENCY (TRCF)

<b>2019</b>	<b>0.04</b>
2018	0.19
2017	0.10
2016	0.31
2015	0.26

#### DEFINITION

Total Recordable Case Frequency (TRCF) per million exposure hours. **1**

#### PERFORMANCE DRIVERS

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

### SPILLS

<b>2019</b>	<b>3</b>
2018	2
2017	4
2016	3
2015	4

#### DEFINITION

Number of product spills greater than 100kg. **1**

#### PERFORMANCE DRIVERS

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

## SEGMENT REVIEW

# RETAIL DRIVING THE CUSTOMER OFFERING

RETAIL IS AT THE HEART OF OUR BUSINESS AND IS LEADING OUR GROWTH ACROSS 23 COUNTRIES IN AFRICA. WITH A NETWORK OF 2,226 SERVICE STATIONS, WE ARE EMPOWERED BY THE TRUSTED SHELL AND ENGEN BRANDS TO DELIVER HIGH-QUALITY PRODUCTS TO OUR RETAIL CUSTOMERS AND SET NEW BENCHMARKS FOR INNOVATION, CONVENIENCE, SERVICE AND RELIABILITY.



## 2019 HIGHLIGHTS

- Increased our network by adding a net total of 96 new service stations and adding 123 new Non-fuel retail outlets
- Volumes increased by 10% to 5,900 million litres with Shell-branded volumes increasing by 2%
- Gross profit (including Non-fuel retail) increased 5% to \$411 million
- Gross cash profit (including Non-fuel retail) of \$454 million, up 6%
- Gross cash unit margin (excluding Non-fuel retail) decreased by 5% to \$71 per thousand litres, mainly due to the change in market conditions experienced in Morocco since H2 2018
- Adjusted EBITDA increased 7% to \$242 million
- Premium fuel volumes up 30% year-on-year, with launch of new products and increased penetration across our network

## PERFORMANCE

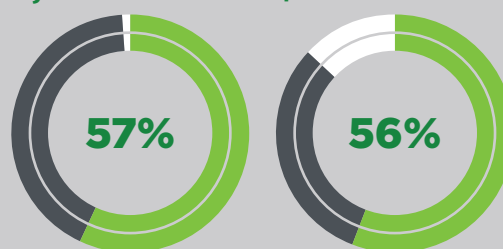
US\$ million, unless otherwise indicated	2019	2018	+/- %
Volumes (million litres)	<b>5,900</b>	5,354	<b>+10%</b>
Gross profit (including Non-fuel retail)	<b>411</b>	393	<b>+5%</b>
Gross cash unit margin (excluding Non-fuel retail) (\$/000 litres)	<b>71</b>	75	<b>-5%</b>
Retail fuel gross cash profit	<b>421</b>	403	<b>+4%</b>
Non-fuel retail gross cash profit	<b>33</b>	25	<b>+32%</b>
Adjusted EBITDA	<b>242</b>	227	<b>+7%</b>

## RETAIL BUSINESS CONTRIBUTION TO GROUP

VOLUME million litres      ADJUSTED EBITDA

**5,900**

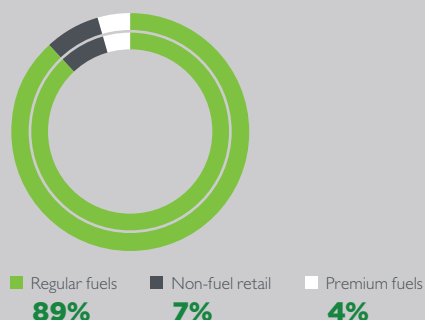
**\$242 million**



■ Retail   ■ Commercial   ■ Lubricants

## GROSS CASH PROFIT CONTRIBUTION TO RETAIL

**\$454 million**



■ Regular fuels   ■ Non-fuel retail   ■ Premium fuels

## 2019 REVIEW

Our Retail business delivered strong growth with gross cash profit increasing by 6% year-on-year to \$454 million and adjusted EBITDA increasing to \$242 million, 7% ahead of the prior year. This reflects the strong contribution from Engen-branded markets and an excellent performance in Non-fuel retail as the business continues to focus on increasing its penetration of value-added products and services at our retail outlets.

### RETAIL FUEL

In 2019, volumes sold of 5,900 million litres were 10% higher year-on-year, with volume growth resulting from 10 months of contribution from Engen-branded markets, which brought over 200 new sites and growth in the existing Shell-branded markets of 2%.

Since the completion of the Engen acquisition, we've focused on furthering the 'Engen' brand awareness and improving its brand preference amongst customers. We launched a project called 'Shining Sites' to enhance the network and ensure compliance with proven Vivo Energy standards. This has generated more traffic to our Engen-branded service stations, resulting in volume growth in three consecutive quarters. By the end of 2019, 83 sites had been renovated ('shined') and a total of 15 new Engen-branded service stations were opened during the year.

Shell-branded Retail fuel volumes grew 2%, fuelled primarily by the expansion of our retail network, retailer working capital initiatives, and premium fuels. A number of our markets recorded strong volume growth such as Uganda and Senegal. In particular, we focused on growing the penetration of our premium fuel products by expanding our premium fuel network and introducing new products in 2019, resulting in premium fuel volume growth of 30%. However, volume growth was hindered in part by economic slowdown and strikes in Tunisia, our decision to prioritise margins in some markets and the transfer of certain sites to the Commercial segment in Guinea.

Gross cash unit margin was \$71 per thousand litres (\$75 per thousand litres in 2018). Margins improved through the year, as a result of improving margins in a number of Shell-branded markets, including accretive premium fuel margins, but were lower than 2018 due to the change in market conditions experienced since H2 2018 in Morocco. The new Engen-branded markets were 3% accretive to the Retail fuel unit margins during the year.



Focusing on expanding our premium fuel network and launching new premium fuel products



**+30%**

Premium fuel volume growth year-on-year

We continued to invest in the quality and scope of outlet offerings in 2019

**\$33M**

Non-fuel retail gross cash profit



## NON-FUEL RETAIL

Our Non-fuel retail business continues to register excellent performance, with gross cash profit increasing by 32% year-on-year to \$33 million. Excluding Engen, Non-fuel retail gross cash profit rose 16%, driven by our continued efforts to increase outlet footprint in our network.

In 2019, we continued to invest in the quality and scope of our outlet offerings, including opening 70 convenience retail shops and 53 new quick service restaurants. This was further highlighted by the announcement of our third joint venture with a franchisee of KFC, which will bring our partnership with KFC to Kenya, Uganda and Rwanda once the deal is completed in early 2020. In 2019 we opened 11 new KFC locations across our network of service stations, including our first opening at an Engen-branded service station in Gabon.

### LOOKING FORWARD

In 2020, our focus is to continue the strong growth within our new Engen-branded markets and to ensure that we deliver a stronger growth in our Shell-branded markets. In order to achieve this, we intend to accelerate the expansion and enhancement of our network across the Engen-branded countries, building on the encouraging start from the Engen-branded 'Shining sites' programme and network development activities.

In the Shell-branded markets, we will continue to expand the network, and grow the business through our existing sites by maximising the value from our customer offering across our sites. We will also focus on the consumer experience, building on the successful launch of loyalty programmes in key markets over the past 12 months to drive adoption, undertaking new fuel launches, as well as growing our quick service restaurant business through new partnerships with international brands across the portfolio.

## SEGMENT REVIEW CONTINUED

# COMMERCIAL ADDING VALUE FOR OUR CUSTOMERS

WE OFFER A COMPREHENSIVE RANGE OF FUELS, LUBRICANTS, AND LPG PRODUCTS TO OUR COMMERCIAL CUSTOMERS. WE MEET THE NEEDS OF OUR BUSINESS PARTNERS, ADDING REAL AND MEASURABLE VALUE, WHETHER IN AVIATION, CONSTRUCTION, MARINE, MINING, POWER, ROAD TRANSPORT, AND OTHER INDUSTRIES.



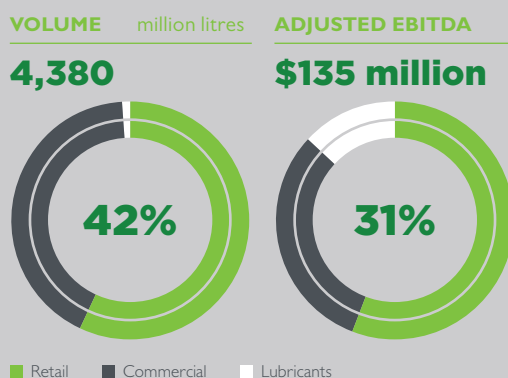
## 2019 HIGHLIGHTS

- Volumes increased by 13% driven by our Engen-branded markets and strong LPG performance from Shell-branded markets
- Volumes in Shell-branded markets were slightly down, largely due to the decision to reduce exposure to the low margin reseller segment, partially offset by growth in LPG and Aviation volumes
- Gross cash unit margin increased by 4% to \$49 per thousand litres
- Gross profit increased 18% to \$192 million
- Adjusted EBITDA of \$135 million increased by 11% year-on-year

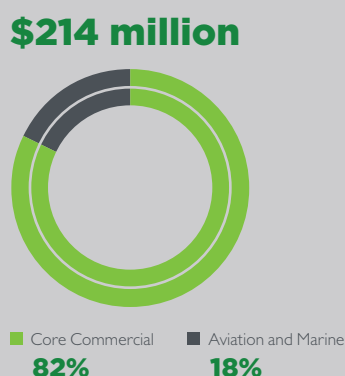
## PERFORMANCE

US\$ million, unless otherwise indicated	2019	2018	+/- %
Volumes (million litres)	4,380	3,863	+13%
Gross profit	192	163	+18%
Gross cash unit margin (\$/000 litres)	49	47	+4%
Gross cash profit	214	181	+18%
Adjusted EBITDA	135	122	+11%

## COMMERCIAL BUSINESS CONTRIBUTION TO GROUP



## GROSS CASH PROFIT CONTRIBUTION TO COMMERCIAL





## 2019 REVIEW

Our Commercial segment reported a 13% year-on-year volume growth, driven by the contribution from our Engen-branded markets, with Shell-branded volumes slightly lower year-on-year. Gross cash profit rose by 18% to \$214 million driven by the higher volumes and gross cash unit margin increasing to \$49 per thousand litres, an increase of 4% over the previous year. Engen-branded margins were broadly in line with the Shell-branded margins during the period.

## CORE COMMERCIAL

Activities of our Core Commercial segment include the supply of bulk fuels to construction, transport, power and industrial companies, the mining sector, wholesalers and the provision of packed LPG. Core Commercial volumes were 75% of total Commercial volumes (2018: 73%) and 82% of total Commercial gross cash profit (2018: 83%).

Core Commercial sales volumes rose by 16% year-on-year to 3,280 million litres, driven primarily by the Engen-branded markets contribution. The Shell-branded volumes were slightly down year-on-year, impacted by a decision to reduce exposure to the low margin reseller segment in East and Southern Africa, following volatility in the segment. This was partially offset by continued growth in sales of LPG in Morocco and the transfer of certain sites in Guinea from Retail fuel to the Commercial segment.

Gross cash unit margin increased by 2% year-on-year to \$54 per thousand litres. Excluding the Engen-branded markets, Shell-branded gross cash unit margin increased by 4% as a result of maintaining our pricing power, and an improved mix of activities.

Gross cash profit climbed by 17% to \$176 million, largely attributable to the Engen-branded markets contribution and a 2% year-on-year increase from Shell-branded markets.



A strong performance in Aviation was driven by the renewal of contracts and new tenders won, as well as profitable spot sales

# +23%

Aviation and Marine gross cash profit growth

Strong performance in Core Commercial led by the Engen-branded contribution and the Shell-branded LPG segment



# +17%

Core Commercial gross cash profit year-on-year growth



## AVIATION AND MARINE

Aviation and Marine had a strong year, accounting for 25% of total Commercial volumes (2018: 27%) and 18% of total Commercial gross cash profit (2018: 17%). Volumes increased by 6% year-on-year, while gross cash profit soared 23% to \$38 million in 2019.

Excluding the Engen-branded markets, Aviation volumes rose by 3%, driven primarily by renewal of contracts and new tenders won in Morocco and Côte d'Ivoire. Profitable spot sales to ad-hoc and charter flights contributed to higher unit margins from the Shell-branded markets.

Marine volumes in Shell-branded markets decreased by 7%, impacted by industry supply shortages in Mauritius. Despite these challenges, we grew the unit margin by 21%, securing profitable spot sales in a number of our markets.

## LOOKING FORWARD

After another successful year in the Commercial segment, our focus for 2020 is to continue to drive our various segmental businesses forward, across both Shell- and Engen-branded countries. We will achieve this by ensuring that our customer focus remains unparalleled, aligning our resources to be able to deliver against our customer needs and driving excellent sales effectiveness. In terms of specific businesses, we plan to build on our position as a leading provider to the mining industry in our Shell-branded markets, and become a reference supplier in our Engen-branded markets, through offering solutions and services that provide enhanced customer value creation. We have also seen strong growth in our LPG business and will look to expand our cylinder distribution in a returns focused manner across relevant markets.

SEGMENT REVIEW CONTINUED

# LUBRICANTS

## A DIFFERENTIATED CUSTOMER PROPOSITION

WE BLEND, DISTRIBUTE AND SELL HIGH-QUALITY LUBRICANTS ACROSS THE CONTINENT. LUBRICANTS ARE SOLD ON THE FORECOURT, THROUGH DISTRIBUTORS AND WE PROVIDE ESSENTIAL VALUE TO MANY OF OUR COMMERCIAL CUSTOMERS BY OFFERING A WIDE RANGE OF SPECIALIST PRODUCTS. IN ADDITION TO OUR DISTRIBUTION BUSINESS, WE HAVE A 50:50 JOINT VENTURE WITH SHELL TO BLEND LUBRICANTS.



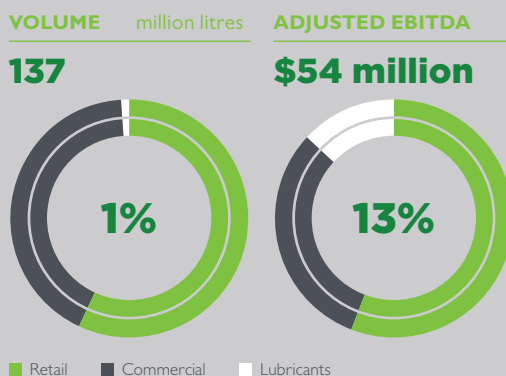
### 2019 HIGHLIGHTS

- Volumes increased by 2% year-on-year, driven by the Engen-branded markets contribution
- Volumes in the Shell-branded markets decreased by 4% due to challenges in the B2C market in the first half of the year in one of our markets
- Gross cash unit margin was \$547 per thousand litres, up 4% year-on-year, with Shell-branded margins increasing to \$558 per thousand litres
- Gross profit increased by 4% to \$72 million
- Adjusted EBITDA was \$54 million, up 6%, despite a lower contribution from the SVL joint venture

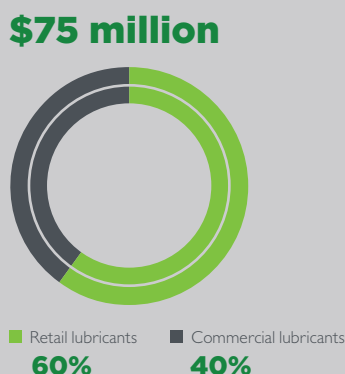
### PERFORMANCE

US\$ million, unless otherwise indicated	2019	2018	+/- %
Volumes (million litres)	137	134	+2%
Gross profit	72	69	+4%
Revenues	375	364	+3%
Gross cash unit margin (\$/000 litres)	547	525	+4%
Gross cash profit	75	71	+6%
Adjusted EBITDA	54	51	+6%

### LUBRICANTS BUSINESS CONTRIBUTION TO GROUP



### GROSS CASH PROFIT CONTRIBUTION TO LUBRICANTS



## 2019 REVIEW

Volumes increased by 2% driven by the contribution from the Engen-branded markets which largely compensated for lower volumes in the Shell-branded lubricants segment. The unit margin of \$547 per thousand litres was 4% higher year-on-year, despite the dilutive impact of lower margins from Engen-branded markets. Shell-branded unit margin increased by 6% year-on-year driven by strong performance in both the Retail and Commercial lubricants businesses.

Gross cash profit rose by 6% to \$75 million, driven by increased volumes and higher gross cash unit margins attributable to lower base oil prices during the year. Adjusted EBITDA grew 6% to \$54 million, as the increase in gross cash profit offset the lower share of profit from the SVL joint venture.

### RETAIL LUBRICANTS

Our Retail lubricants business comprises forecourt sales to retail customers and to consumers through distributors. In 2019, Retail lubricants accounted for 61% of total Lubricants volumes (2018: 62%) and 60% of total Lubricants gross cash profit (2018: 60%).

Retail lubricants volumes remained flat year-on-year. Excluding the Engen-branded markets, volumes decreased by 2% as a result of negative volume growth from our B2C business in one of our markets, partially offset by Retail lubricant volume growth generated through effective marketing campaigns.

Unit margins increased 6% year-on-year to \$542 from \$513 per thousand litres in 2018 led by the performance of Shell-branded markets. Excluding the Engen-branded markets, unit margins grew 4% year-on-year, primarily due to the impact of strategic pricing as well as favourable base oil prices.

Gross cash profit was \$45 million, up 6% year-on-year, mainly due to higher unit margins partially offset by a decrease in gross cash profit due to lower Shell-branded volumes sales.



Strategic pricing and margin management delivered results in the Retail lubricants business

# +6%

Retail lubricants unit margin growth led by Shell-branded markets



Optimised sales mix of premium lubricants contributed to higher Commercial lubricants margins

# +11%

Commercial lubricants unit margin growth excluding Engen



## COMMERCIAL LUBRICANTS

Commercial lubricants are sold across the Group's operating countries and key export markets. Commercial lubricants accounted for 39% of total Lubricants volumes (2018: 38%) and 40% of total Lubricants gross cash profit (2018: 40%).

Volumes were 54 million litres in 2019, up 5% year-on-year. Excluding the Engen-branded markets, volumes were lower by 7% mainly reflecting the impact of weaker demand in the power and construction sectors due to government budget constraints in some of our markets, as well as lower demand from our export markets.

Unit margins increased 2% to \$556 from \$544 per thousand litres. Excluding the Engen-branded markets, unit margins were up 11% to \$604 per thousand litres mainly due to higher demand of more profitable premium products and lower base oil prices.

### LOOKING FORWARD

We took a number of actions within our Lubricants business in order to return to growth in 2020 within the Shell-branded markets. A key focus will be ensuring that we take the lead in the consumer segment by providing innovative products and services and developing closer consumer relationships. On the B2B side, we'll look to differentiate our value-led offering and provide solutions to our customers as well as expanding our footprint in our export countries. In addition, we'll aim to drive growth across the Engen-branded markets, by leveraging our existing capabilities and ensuring we have strong end-to-end supply across all of our operating units.

## FINANCIAL REVIEW

# CONTINUING TO CREATE VALUE

2019 WAS YET ANOTHER GOOD YEAR FOR VIVO ENERGY, WITH OUR DISCIPLINED APPROACH TO GROWTH LEADING TO CONTINUED STRONG FINANCIAL PERFORMANCE AND OUR SEVENTH SUCCESSIVE YEAR OF ADJUSTED EBITDA GROWTH.

## CHIEF FINANCIAL OFFICER'S STATEMENT

JOHAN DEPRAETERE

The last year has been another active period as we entered eight new markets through the Engen transaction, rolled out our new ERP system across the remaining 13 Shell-branded markets, and continued to focus on delivering strong returns from our business.

I am very pleased with the progress we have made in the Engen-branded markets, with the smooth implementation of our systems, processes and culture in the new markets contributing to the successful integration of a business which will be a key driver of growth for us in the coming years.

The completion of the SAP implementation project, our new ERP system, in the Shell-branded markets was another major milestone, providing enhanced visibility on performance trends within the business. This will enable us to make more informed decisions over time, and will bring opportunities such as loyalty and data analytics within our grasp.

The focus now shifts to OPTIMax, a dedicated project aimed at ensuring we fully utilise the potential of our new ERP system to maximise the return on the significant investment into the new technology platform.

The fact that we can undertake two such large projects in parallel demonstrates the strength of our team and hasn't diluted our focus on delivering strong returns across the business.

We allocate capital effectively, manage our cost base carefully and look to optimise our working capital in order to drive strong free cash flow. As a result, our balance sheet remains healthy with a low leverage that provides flexibility for us to be able to deliver long-term value for our stakeholders.

## FINANCIAL HIGHLIGHTS

- Volume growth was up 11% year-on-year; we sold 10,417 million litres of fuel, LPG and Lubricants.
- Gross cash profit came in at \$743 million, 9% higher than a year ago.
- Total gross cash unit margin of \$71 per thousand litres (2018: \$73), was ahead of our expectations, but lower than 2018, primarily due to changes in the Retail fuel market in Morocco.
- Adjusted EBITDA up 8% to \$431 million, with EBITDA up 14% at \$416 million.
- Net income was \$150 million, up 3% year-on-year.
- Adjusted diluted EPS of 12 cents per share for the 2019 year (2018: 14 cents per share).
- Adjusted free cash flow up \$171 million to \$325 million from \$154 million, reflecting a significant increase in cash generation from operating activities.
- Strong balance sheet with a leverage ratio of 0.48x at 31 December 2019 (2018: 0.79x).
- Proposed final dividend of 2.7 cents per share, bringing the full year dividend to 3.8 cents per share.

JOHAN DEPRAETERE  
CHIEF FINANCIAL OFFICER



## CONSOLIDATED RESULTS OF OPERATIONS

### SUMMARY INCOME STATEMENT

US\$ million	2019	2018	Change
Revenues	8,302	7,549	+10%
Cost of sales	(7,627)	(6,924)	+10%
<b>Gross profit</b>	<b>675</b>	<b>625</b>	<b>+8%</b>
Selling and marketing cost	(224)	(197)	+14%
General and administrative cost	(165)	(183)	-10%
Share of profit of joint ventures and associates	22	28	-21%
Other income/(expense)	2	3	-33%
<b>EBIT</b>	<b>310</b>	<b>276</b>	<b>+12%</b>
Finance expense – net	(64)	(47)	+36%
<b>EBT</b>	<b>246</b>	<b>229</b>	<b>+7%</b>
Income taxes	(96)	(83)	+16%
<b>Net income</b>	<b>150</b>	<b>146</b>	<b>+3%</b>
<b>Earnings per share (US\$)</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Basic	0.11	0.11	0%
Diluted	0.11	0.11	0%

### NON-GAAP MEASURES

US\$ million, unless otherwise indicated	2019	2018	Change
Volumes (million litres)	10,417	9,351	+11%
Gross cash profit	743	680	+9%
EBITDA	416	366	+14%
Adjusted EBITDA	431	400	+8%
ETR (%)	39%	36%	n/a
Adjusted net income	162	178	-9%
Adjusted diluted EPS (US\$)	0.12	0.14	-14%

Non-GAAP measures are explained and reconciled on pages 42 and 43.

## FINANCIAL REVIEW CONTINUED

## ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

## VOLUMES

We sold a company record of 10,417 million litres of fuel, LPG and lubricants in 2019. In line with full year guidance, volumes increased by 11% year-on-year, led primarily by the 10-month contribution from Engen-branded markets and resilient volume growth of 1% from the Shell-branded markets.

## REVENUE

Revenue increased by \$753 million, or 10%, to \$8,302 million in 2019, mainly due to the 10-month contribution from the Engen-branded markets. Excluding the Engen-branded markets, revenue decreased by 1%, primarily driven by lower average crude oil prices in 2019 and depreciating local currencies during the period, partially offset by volume growth.

## COST OF SALES

Cost of sales increased by \$703 million, or 10%, to \$7,627 million in 2019. The Engen-branded markets contribution was the main driver of the increase as well as slightly higher sales volumes from Shell-branded markets. This is partially offset by lower average crude oil prices and depreciating local currencies.

## GROSS PROFIT

As a result of higher volumes and the Engen-branded markets contribution, gross profit was \$675 million (8% year-on-year). This was partially offset by lower Retail fuel unit margins in Morocco which were expected given the change in market conditions since H2 2018.

## GROSS CASH PROFIT

Gross cash profit was 9% higher year-on-year, amounting to \$743 million. Excluding the Engen-branded markets, gross cash profit decreased by \$12 million (2% year-on-year), hindered by lower retail unit margins in Morocco, partially offset by higher sales volumes.

## SELLING AND MARKETING COST

Selling and marketing cost was \$224 million, 14% higher than 2018 mainly as a result of additional costs due to the new Engen-branded markets.

## GENERAL AND ADMINISTRATIVE COST

General and administrative cost, including special items, decreased by \$18 million to \$165 million. This was due to lower non-recurring items compared to 2018 and cost reduction initiatives to improve efficiencies and reduce operating expenditure, partially offset by the additional cost contribution from our Engen-branded markets as well as Engen related acquisition and integration costs.

## SHARE OF PROFIT FROM JOINT VENTURES AND ASSOCIATES

Share of profit from joint ventures and associates decreased by 21% to \$22 million. This was primarily attributable to a lower share of profit from our SVL lubricants joint venture and a joint venture in Madagascar.

## OTHER INCOME

Other income of \$2 million (2018: \$3 million) mainly related to gains on disposal of PP&E and unrealised gains on financial instruments.

## ADJUSTED EBITDA

Adjusted EBITDA was \$431 million, 8% higher year-on-year. Excluding the Engen-branded markets, adjusted EBITDA decreased by 3% largely due to expected lower margins from our Retail business in Morocco and lower share of profit from joint ventures and associates. This was partially offset by increased sales volumes and lower general and administrative cost.

## NET FINANCE EXPENSE

Net finance expense increased by \$17 million year-on-year to \$64 million, largely driven by a mark-to-market loss on the interest rate swap on the long-term borrowings of -\$5 million (2018: +\$3 million). The increase in net finance expense is further explained by a \$5 million loss resulting from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies' relating to our operations in Zimbabwe and additional finance cost contribution from the Engen-branded markets.

## INCOME TAXES

ETR increased to 39% from 36% compared to the comparative period of 2018. This was primarily due to an additional 2.5% tax levy in Morocco and an increase in other expenses.

## NET INCOME

Net income, including the impact of special items was \$150 million, up 3% from \$146 million in 2018.

## EARNINGS PER SHARE

Basic earnings per share amounted to 11 cents per share (2018: 11 cents per share).

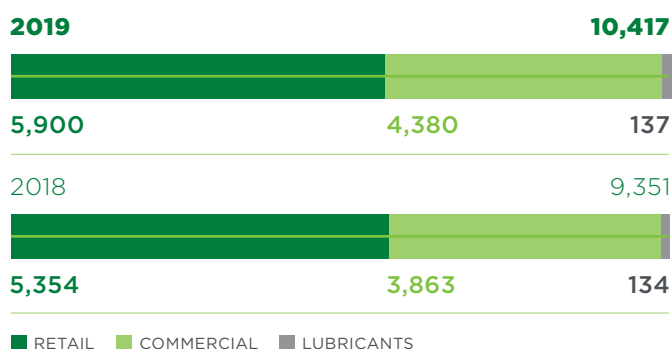
Adjusted diluted earnings per share, excluding the impact of special items, were 12 cents per share (2018: 14 cents per share).

## OVERVIEW OF OPERATIONS BY SEGMENT

US\$ million, unless otherwise indicated	2019	2018	Change
<b>Volumes (million litres)</b>			
Retail	5,900	5,354	+10%
Commercial	4,380	3,863	+13%
Lubricants	137	134	+2%
<b>Total</b>	<b>10,417</b>	<b>9,351</b>	<b>+11%</b>
<b>Gross profit</b>			
Retail (including Non-fuel retail)	411	393	+5%
Commercial	192	163	+18%
Lubricants	72	69	+4%
<b>Total</b>	<b>675</b>	<b>625</b>	<b>+8%</b>
<b>Gross cash unit margin (\$/'000 litres)</b>			
Retail fuel (excluding Non-fuel retail)	71	75	-5%
Commercial	49	47	+4%
Lubricants	547	525	+4%
<b>Total</b>	<b>71</b>	<b>73</b>	<b>-3%</b>
<b>Gross cash profit</b>			
Retail (including Non-fuel retail)	454	428	+6%
Commercial	214	181	+18%
Lubricants	75	71	+6%
<b>Total</b>	<b>743</b>	<b>680</b>	<b>+9%</b>
<b>Adjusted EBITDA</b>			
Retail	242	227	+7%
Commercial	135	122	+11%
Lubricants	54	51	+6%
<b>Total</b>	<b>431</b>	<b>400</b>	<b>+8%</b>

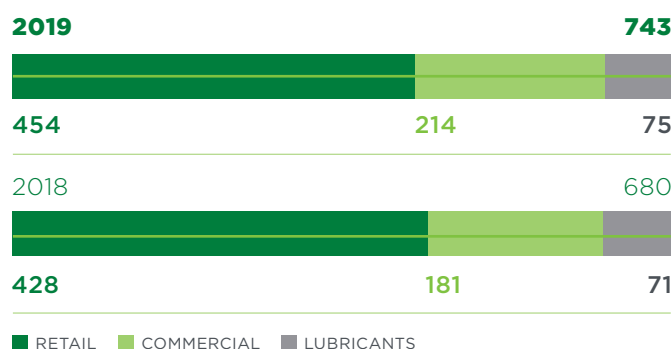
### VOLUMES

million litres



### GROSS CASH PROFIT

US\$ million







## FINANCIAL REVIEW CONTINUED

## CONSOLIDATED FINANCIAL POSITION

## FINANCIAL POSITION PERFORMANCE

The consolidated statement of financial position can be found on page 121. The analysis of significant movements in assets, liabilities and equity during the year is detailed below.

TOTAL ASSETS		US\$ million	TOTAL EQUITY AND LIABILITIES		US\$ million
<b>31 DEC 2019</b>		<b>3,356</b>	<b>31 DEC 2019</b>		<b>3,356</b>
					
<b>1,605</b>		<b>1,751</b>	<b>1,530</b>		<b>1,826</b>
31 DEC 2018		2,827	31 DEC 2018		2,827
					
<b>1,272</b>		<b>1,555</b>	<b>1,262</b>		<b>1,565</b>
■ NON-CURRENT ASSETS ■ CURRENT ASSETS			■ NON-CURRENT LIABILITIES & EQUITY ■ CURRENT LIABILITIES		

## ASSETS

PP&E increased by \$201 million from \$622 million in 2018 to \$823 million in 2019, largely due to assets acquired through the Group's business acquisitions and capital expenditure. Right-of-use assets increased by \$28 million from \$148 million in 2018 to \$176 million in 2019. Leases from the Engen-branded countries and new leases related to retail sites drove the increase in right-of-use assets. These increases in PP&E and right-of-use assets were partially offset by the depreciation for the year.

Intangible assets increased by \$92 million from \$134 million in 2018 to \$226 million in 2019, mainly attributable to goodwill related to Engen of \$65 million and other intangible assets of \$25 million recognised at acquisition. Additional costs capitalised in relation to SAP S/4HANA, the Group's new ERP system, further contributed to the increase. These balances were partially offset by the amortisation during the year.

Trade receivables increased by \$7 million from \$444 million in 2018 to \$451 million in 2019. The increase was largely due to additional trade receivables from Engen, partially offset by the Group's improved cash collection. Average monthly DSO<sup>1</sup> for the period was 17 days (2018: 16 days).

The new Engen-branded entities contributed significantly to the \$76 million increase in inventories, from \$441 million in 2018 to \$517 million in 2019. The remaining increase related to higher business activities through existing and new customers. Average monthly inventory days for the period were 24 days (2018: 24 days).

## EQUITY

Total equity increased by \$223 million, from \$581 million in 2018 to \$804 million in 2019. The increase was primarily due to the issuance of new shares as part of the consideration for the acquisition of Engen International Holdings (Mauritius) Limited and the total comprehensive income for the year of \$112 million. This was partially offset by dividend payments of \$40 million.

## LIABILITIES

Trade payables increased by \$195 million from \$1,062 million in 2018 to \$1,257 million in 2019. The increase was driven by trade payables from new Engen-branded entities and the timing of purchases and shipments. Average monthly DPO<sup>1</sup> for the period was 55 days (2018: 56 days).

The increases for 2019 in relation to deferred tax liabilities of \$15 million, income tax payable of \$23 million and provisions of \$26 million are principally due to the acquired Engen-branded entities.

Other liabilities increased by \$30 million from \$308 million in 2018 to \$338 million in 2019. This was mainly attributable to other liabilities in the Engen-branded entities, partially offset by a decrease in employee liabilities for the year.

## DIVIDENDS

The Board has adopted a progressive dividend policy while maintaining an appropriate level of dividend cover and sufficient financial flexibility in the Group. The dividend policy has a minimum payout ratio of 30% of attributable net income. The Group declares and publishes its dividends in US dollars.

During the year an interim dividend per share of 1.1 cents was paid to shareholders.

The Board is recommending a final dividend per share of 2.7 cents amounting to \$34 million. If approved, the full year dividend of 3.8 cents per share, amounting to circa \$48 million, will reflect a Group payout ratio of 35% of attributable net income. Further information related to dividends can be found on page 174.

<sup>1</sup> 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

In addition to the commentary on the Group's consolidated statement of cash flows below, further disclosures in relation to the Group's processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk, liquidity risk and market risk can be found in note 3 of the consolidated financial statements.

US\$ million	2019	2018 <sup>1</sup>
Net income	150	146
Adjustment for non-cash items and other	202	166
Current income tax paid	(83)	(103)
Net change in operating assets and liabilities and other adjustments	176	42
<b>Cash flow from operating activities</b>	<b>445</b>	<b>251</b>
Net additions of PP&E and intangible assets <sup>2</sup>	(147)	(144)
<b>Free cash flow</b>	<b>298</b>	<b>107</b>
Special items <sup>3</sup>	27	47
<b>Adjusted free cash flow</b>	<b>325</b>	<b>154</b>

1 Prior year comparatives were reclassified to provide a consistent presentation to 2019. Refer to note 2.1 in the consolidated financial statements.

2 Excluding cash flow from acquisition of businesses and other investing activities.

3 Cash impact of special items. Special items are explained and reconciled on pages 42 and 43.

Adjusted free cash flow increased by \$171 million, from \$154 million in 2018 to \$325 million in 2019. The increase was driven by higher cash inflows from operating activities, which were positively impacted by changes in net change in operating assets and liabilities and other adjustments of \$176 million. These cash inflows are mainly attributable to the strong business performance, successful cash collection of trade receivables and payments received in relation to other government benefits receivable. Changes in net change in operating assets and liabilities and other adjustments benefited from the timing of prepayments received in relation to the fuel importation contracts in Kenya and the timing of payments to suppliers, amounting to approximately \$111 million. As a result of the additions in PP&E and intangible assets as well as the Engen acquisition, depreciation and amortisation for the period was higher, which was the main driver for the increase in adjustments of non-cash items. Income tax paid amounted to \$83 million for the year ended 31 December 2019 (2018: \$103 million). Cash flow from operating activities fully funded capital expenditure of \$149 million in 2019 (2018: \$147 million).

## FINANCIAL REVIEW CONTINUED

## LIQUIDITY AND CAPITAL RESOURCES CONTINUED

## CAPITAL EXPENDITURES

US\$ million	2019	2018
Maintenance	46	51
Growth	88	72
Special projects	15	24
<b>Total</b>	<b>149</b>	<b>147</b>

US\$ million	2019	2018
Retail	78	66
Commercial	27	20
Lubricants	2	2
Other (technology, supply and distribution and general corporate costs)	42	59
<b>Total</b>	<b>149</b>	<b>147</b>
<b>Of which growth capital expenditure was:</b>	<b>88</b>	<b>72</b>
Retail	61	50
Commercial	21	15
Lubricants	2	2
Other (technology, supply and distribution and general corporate costs)	4	5

Most of our capital expenditure related to Retail projects which included the expansion of our current retail network and Non-fuel retail offerings. The Group also constructed 15 new retail sites in the Engen-branded markets and refurbished 83 of the acquired sites.

Special projects relate to investments in SAP S/4HANA, the Group's new ERP system and projects to utilise its full potential for the business. In the prior year, the SAP S/4HANA project was in the development phase, which resulted in higher expenditure in comparison to the current year. During 2019, the Group successfully implemented SAP S/4HANA, with 15 countries now fully operating on the new ERP system.

ROACE for the year was 21% as a result of the Group's disciplined capital allocation throughout the year (2018: 23%).

## NET DEBT AND AVAILABLE LIQUIDITY

US\$ million	31 December 2019	31 December 2018
Long-term debt	371	392
Lease liabilities	125	111
<b>Total debt excluding short-term bank borrowings</b>	<b>496</b>	<b>503</b>
Short-term bank borrowings <sup>1</sup>	229	208
Less cash and cash equivalents	(517)	(393)
<b>Net debt</b>	<b>208</b>	<b>318</b>

<sup>1</sup> Short-term bank borrowings exclude the current portion of the long-term debt.

US\$ million	31 December 2019	31 December 2018
Net debt	208	318
Adjusted EBITDA	431	400
<b>Leverage ratio<sup>1</sup></b>	<b>0.48x</b>	<b>0.79x</b>

<sup>1</sup> For the description and reconciliation of non-GAAP measures refer to pages 42 and 43.

US\$ million	31 December 2019	31 December 2018
Cash and cash equivalents	517	393
Available undrawn credit facilities	1,410	1,281
<b>Available short-term capital resources</b>	<b>1,927</b>	<b>1,674</b>

Total borrowings include the term-loan, the revolving credit facility and short-term bank borrowings. Short-term bank borrowings include the individual operating entities' uncommitted unsecured short-term bank facilities. Such facilities are provided by various banks and comprised of overdraft facilities, spot loans and trade finance arrangements. The facilities carry interest rates between 1.8% and 18.0% per annum.

Net debt at 31 December 2019 was \$208 million decreasing by \$110 million from 31 December 2018 (\$318 million). The decrease in net debt was mainly due to an increase

in cash and cash equivalents. This was partially offset by an increase in short-term borrowings and lease liabilities. The increase in the short-term bank borrowings is to a large extent due to additional short-term facilities from the new Engen-branded entities.

The Group maintained a healthy balance sheet with the leverage ratio decreasing to 0.48x (31 December 2018: 0.79x). The decrease resulted from a lower net debt and a higher adjusted EBITDA in the current year. The available undrawn credit facilities of \$1,410 million are comprised of the remaining balance of \$236 million of the undrawn

committed multi-currency revolving credit facility and \$1,174 million of undrawn unsecured short-term bank facilities extended to our operating entities for working capital purposes. The short-term bank facilities included a large number of uncommitted facilities (ranging from \$1 million to \$250 million). These facilities are extended by multiple local banks to operating units and are typically for a period of 12 months, automatically renewable.

Available short-term capital resources amounted to \$1,927 million compared to \$1,674 million at 31 December 2018.

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\$ million	31 December 2019					Total
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Borrowings <sup>1</sup>	225	81	85	211	–	<b>602</b>
Trade payables	1,161	89	7	–	–	<b>1,257</b>
Lease liabilities	6	17	20	44	90	<b>177</b>
Other liabilities	49	24	18	4	130	<b>225</b>
<b>Total</b>	<b>1,441</b>	<b>211</b>	<b>130</b>	<b>259</b>	<b>220</b>	<b>2,261</b>

<sup>1</sup> Borrowings exclude, as of 31 December 2019, the undrawn multi-currency revolving credit facility of \$236 million.

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

US\$ million	31 December 2019	31 December 2018
Purchase obligations	13	13
<b>Total</b>	<b>13</b>	<b>13</b>

## FINANCIAL REVIEW CONTINUED

## 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 our 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. Reference to 'cash' in this measure refers to non-cash depreciation and amortisation as opposed to the elimination of working capital movements. Gross cash profit 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.
Adjusted EBIT	Earnings before finance expense, finance income and income taxes adjusted for special items. The Group views adjusted EBIT as a useful measure because it shows the Group's profitability and the ability to generate profits by excluding the impact of tax and the capital structure, as well as excluding income or charges that are not considered to represent the underlying operational performance.	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.

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

US\$ million	2019	2018
<b>Gross profit</b>	<b>675</b>	<b>625</b>
Add back: depreciation and amortisation in cost of sales	68	55
<b>Gross cash profit</b>	<b>743</b>	<b>680</b>
Volume (million litres)	10,417	9,351
<b>Gross cash unit margin (\$/000 litres)</b>	<b>71</b>	<b>73</b>
US\$ million	2019	2018
<b>EBT</b>	<b>246</b>	<b>229</b>
Finance expense – net	64	47
<b>EBIT</b>	<b>310</b>	<b>276</b>
Depreciation, amortisation and impairment	106	90
<b>EBITDA</b>	<b>416</b>	<b>366</b>
<b>Adjustments to EBITDA related to special items:</b>		
IPO <sup>1</sup> and Engen acquisition related expenses <sup>2</sup>	11	29
Write-off of non-current asset <sup>3</sup>	3	–
Restructuring <sup>4</sup>	3	17
Management Equity Plan <sup>5</sup>	(2)	(12)
<b>Adjusted EBITDA</b>	<b>431</b>	<b>400</b>
US\$ million	2019	2018
<b>Net income</b>	<b>150</b>	<b>146</b>
<b>Adjustments to net income related to special items:</b>		
IPO <sup>1</sup> and Engen acquisition related expenses <sup>2</sup>	11	29
Write-off of non-current asset <sup>3</sup>	3	–
Restructuring <sup>4</sup>	3	17
Management Equity Plan <sup>5</sup>	(2)	(12)
Tax on special items	(3)	(2)
<b>Adjusted net income</b>	<b>162</b>	<b>178</b>
US\$	2019	2018
Diluted earnings per share	0.11	0.11
Impact of special items	0.01	0.03
<b>Adjusted diluted earnings per share</b>	<b>0.12</b>	<b>0.14</b>
US\$ million, unless otherwise indicated	2019	2018
<b>EBIT</b>	<b>310</b>	<b>276</b>
<b>Adjustments to EBIT related to special items:</b>		
IPO <sup>1</sup> and Engen acquisition related expenses <sup>2</sup>	11	29
Write-off of non-current asset <sup>3</sup>	3	–
Restructuring <sup>4</sup>	3	17
Management Equity Plan <sup>5</sup>	(2)	(12)
<b>Adjusted EBIT</b>	<b>325</b>	<b>310</b>
Effective tax rate	39%	36%
Adjusted EBIT after tax	198	197
Average capital employed	956	857
<b>ROACE</b>	<b>21%</b>	<b>23%</b>

Reconciliation of net debt and leverage ratio is included on page 41. The reconciliation of adjusted free cash flow is included on page 39.

- IPO costs were incurred to list the Company on the London Stock Exchange Main Market and the Main Board of the JSE Limited by way of secondary inward listing. The decision to float and list the Company does not form part of the normal core operations of the business and is, therefore, treated as a special item.
- On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Vivo Energy Overseas Holdings Limited (VEOHL) (formerly known as Engen International Holdings (Mauritius) Limited). The cost of the acquisition and the related integration project expenses are treated as special items.
- The Group has recognised a write-off related to a government benefits receivable as a result of a retrospective price structure change by the government to finance their outstanding debt. Such retrospective changes of existing price structures are considered non-recurring and are not representative of the core operational business activities and performance for the period and are therefore, treated as special items.
- In 2019 the Group acquired VEOHL, restructuring costs incurred were as a result of the integration of VEOHL into our business model. Restructuring cost in 2018 related to a specific cost optimisation programme that was significant in that year. The impact from these activities do not form part of the core operational business activities and performance and should, therefore, be treated as a special item in 2018 and 2019.
- The Management Equity Plan vested at IPO in May 2018 and is exercisable on the first anniversary of admission for a period of 12 months, refer to note 31. This is therefore a re-occurring special item in 2018 and 2019. Changes in the fair value of the cash-settled share-based plan does not form part of the core operational business activities and performance and should, therefore, be treated as a special item. The costs of share-based payment schemes introduced after the IPO are not treated as special items.

## RESOURCES AND RELATIONSHIPS

# ENGAGING WITH OUR STAKEHOLDERS

WE LISTEN TO AND COLLABORATE WITH A WIDE RANGE OF STAKEHOLDERS IN ORDER TO GROW OUR BUSINESS AND DELIVER VALUE.

Engagement with our shareholders and wider stakeholder groups plays a vital role throughout the business. It helps us gain a better understanding of the impact of our decisions on stakeholder interests as well as insight into their needs and concerns.

Details of how we've engaged with, and taken into consideration, the interests of those stakeholders who are material to the long-term success of the business can be found on the following pages.


Not all information is reported directly to the Board and not all engagement takes place directly with the Board. However, the output of this engagement informs Group decisions, with an overview of developments and relevant feedback being reported to the Board and/or its Committees as required.

## HOW WE BUILD RELATIONSHIPS WITH EMPLOYEES

We ensure that our people are fulfilled and always focused on doing business the right way.

It's vital to keep our people informed about our business, to listen to their ideas and take action to improve.

During the year, we developed action plans based on our employee engagement survey and appointed our Senior Independent Director, Hixonia Nyasulu, as Employee Engagement Champion.

 For more information see *Developing Our People* on pages 50 to 51 and the *Governance Report* on page 71.

# 5,000

**Voice of Customer**  
feedback responses  
per month from our  
Retail customers

## HOW WE BUILD RELATIONSHIPS WITH CUSTOMERS

We work hard to understand and engage with our customers, and continue to innovate and develop our range of products and services to meet their needs.

In 2019, we launched Shell websites, social media platforms and a digital app in a number of our Shell-branded markets, to better understand and directly engage with our Retail customers. Social media conversations are tracked and we typically respond to customer queries within hours.

A mystery shopper programme operates at our service stations to ensure that every customer is treated like a guest, identifying 'site essentials' as the critical elements of our customer proposition that we must deliver on. Retailers and sales teams are given dashboards to monitor performance over time and against other service stations in that market, so that action plans can be developed where necessary. This programme is being extended to our Engen-branded network in 2020. To support this programme, employees in a number of our countries have 'adopted' service stations, which they visit on a regular basis to directly engage customers, support our service station customer champions and recognise excellence.

Our Voice of Customer programme provides an online platform for customers to provide real-time feedback on their experience at our service stations. At the end of 2019 we were receiving over 5,000 responses per month, across the 11 countries where this programme is operational. These customer comments are helping inform business decisions.

We work with our commercial customers to address their key issues, for example, the total cost of ownership of vehicles and machinery. We conduct audits at our commercial customers' sites to recommend fuel management systems and guidelines on using lubricants to increase efficiency, reduce cost and extend the life cycle of their machinery and equipment engines.

# 6

**New websites**  
launched in our  
Shell-branded markets



## HOW WE BUILD RELATIONSHIPS WITH PARTNERS

We work closely with Shell and Engen on marketing and new product launches, maximising the benefit of the relationship for all stakeholders.

Local dealers operate approximately 93% of our Retail network. They work to our exacting standards, ensuring that HSSE, marketing, branding, site and service standards are maintained. This model is supported by regular engagement, including dealer workshops in our countries and regular visits to the service stations by Vivo Energy Territory Managers. These initiatives ensure that our high standards are being met and dealers' issues are being addressed.

We also collaborate 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 our fuel suppliers, balancing security of supply with cost efficiency. Our biggest supplier is Vitol, who supplied around 30% of fuel products in 2019, under an arm's length agreement with standard market terms and conditions. We have fuel supply agreements with several other suppliers across the Group, including local refineries.

## HOW WE BUILD RELATIONSHIPS WITH COMMUNITIES

We aim to be a positive force and make a real and lasting difference in the communities where we operate, not only by creating career opportunities for local people, but also by continuing to deliver a wide range of community investment programmes across our markets.

During 2019 we delivered 97 community projects, investing a total of \$1.2 million to support our three focus areas of road safety, education and the environment.

For example, our team in Namibia partnered with multi-award winning Namibian stand-up comedian Mich Gauseb, to tour schools in the country with an entertaining yet informative road safety campaign for high school students.

In Morocco we launched an Innovation Camp workshop, run by Vivo Energy colleagues, which tasked a group of young students with developing innovative solutions to business challenges. The students gained valuable experience of real life business challenges and learnt important new skills from the Vivo Energy mentors.

Vivo Energy Mauritius set up and funded a sustainable garden project with a local primary school. Developed directly by the school children, this project has started to instil a keen interest in sustainable environmental projects among the students.



# \$83M

income tax paid  
to our host economies

## HOW WE BUILD RELATIONSHIPS WITH INVESTORS AND SHAREHOLDERS

In addition to the regular reporting cycle, the Executive Directors and our Head of Investor Relations regularly engage with our shareholders and potential new investors – in person, on calls and at conferences.

This engagement, and our responses to requests for further information, helps investors understand our performance and allows them to raise issues that impact future decision-making; a process that's vital to ensuring long-term support for the business. Topics discussed include strategy, financial, operational and responsible business activities.

## HOW WE BUILD RELATIONSHIPS WITH GOVERNMENTS


We maintain good relationships with governments in the countries where we operate and primarily engage with them through industry bodies. Due to our central position within the economy, we're major collectors of tax and duties on behalf of governments 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 2019, we paid \$83 million in income taxes to our host economies and collected significant taxes and duties through the sale of petroleum products.

## SECTION 172(I) STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

 For details on how our Board operates and the way we reach decisions, including the matters we discussed during the year, please see the Governance Report on pages 66 to 111.

# \$1.2M

invested in 97  
community projects

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. OWNING OR HAVING OPERATIONAL CONTROL OF THESE ASSETS IS ESSENTIAL TO CONTROL COSTS, GUARANTEE SUPPLY AND MANAGE HSSE AND PRODUCT QUALITY.

## HOW WE MANAGE OUR RETAIL NETWORK

At the end of 2019, our retail network comprised 2,226 service stations across 23 countries, trading under the Shell and Engen brands. During the year we opened a net total of 96 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, to meet friends over a coffee or a burger or use an ATM.

Why? Because our service stations are clean, vibrant, efficient and 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 programmes. And in 2019 we developed and launched a new app for the Shell-branded markets that's bringing even greater convenience to customers, and promoting greater loyalty.

# 10BN+

Over 10 billion litres of fuel and lubricants sold across all of our businesses during 2019



## HOW WE MANAGE OUR DEALER NETWORK

In order to manage our retail network efficiently, we utilise local dealers to operate approximately 93% 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 (CODO). However, we also have sites that are dealer-owned and operated (DODO) and a small number that are company-owned and operated (COCO).

- Under the CODO model, we own or lease the service station, with the dealer responsible for its operation under an agreement. At the end of 2019, we had 1,308 such sites, representing 59% of all sites. These sites generally have a strong non-fuel offer and are found in strategic, high-potential locations.
- With the DODO model, the dealer owns and operates the service station, while maintaining an exclusive fuel supply agreement with Vivo Energy. At the end of the year, these sites numbered 754, accounting for 34% of our network. These sites typically have a lower level of operational complexity.

## TOTAL SERVICE STATIONS

# 2,226

COMPANY-OWNED  
DEALER-OPERATED

# 1,308

DEALER-OWNED  
AND OPERATED

# 754

COMPANY-OWNED  
AND OPERATED

# 164





- Under the COCO model, we own the service station and are also responsible for its operation. At the end of the year, we had 164 such sites, representing 7% of all sites. These are generally our large flagship or highway sites.

We support our dealers to ensure they have a platform to succeed and regularly check that they're maintaining the standards that we require. Across all our sites we manage and control HSSE, marketing and branding, as well as site and service standards, to ensure operational excellence.

### HOW WE MANAGE OUR NETWORK OF STORAGE FACILITIES AND PLANTS

We've developed an extensive network of storage facilities to ensure that we can supply our retail and commercial customers. In 2019, we had access to over one billion litres of storage across Africa, mitigating supply risks. Following the Engen acquisition in March 2019, we added strategic storage capacity in Dar es Salaam (Tanzania) and Beira (Mozambique), serving the East and Southern African corridors, and increasing total storage capacity by approximately 91,880 cubic metres. We now own 57 depots in over 50 locations, giving us reliable access to over 668,000 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, 9.2 in 2017, 9.4 in 2018, and 9.7 in 2019.

We also benefit from a 50:50 joint venture with Shell, known as Shell and Vivo Lubricants (SVL). Through this joint venture, 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 25 mining customers. In the marine sector, we have full bunkering operations in five countries and occasionally supply fuel and lubricants to marine customers in a further six. The LPG business owns bottling plants in seven countries and has interests in joint venture facilities in four countries.

### ACCESS TO OVER 1 BILLION LITRES OF FUEL STORAGE

# 1BN



# 158k

Access to around 158,000 metric tonnes of lubricants blending capacity through SVL



### HOW WE MANAGE OUR BRANDS

Our principal partnerships are with Shell and Engen, with whom we've secured retail brand licence agreements until December 2031 and March 2034 respectively. These give us exclusive rights to use specified Shell and Engen brands for our products and services, including our service stations.

We own 50% of SVL, which is the exclusive licensee for Shell's lubricant brands in Africa (with the exception of South Africa, Libya and Egypt), giving us access to the industry's most widely respected lubricants.

In most of the Retail markets where we operate we do not compete on price because fuel prices are regulated (margins on regular fuels were regulated in 20 of the 23 markets where we operated at the end of 2019). 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're able to consistently outperform our competitors.

## RESOURCES AND RELATIONSHIPS CONTINUED

# DRIVING OUR CULTURE AND PURPOSE

AT THE END OF THE YEAR, THE BOARD AGREED A PURPOSE STATEMENT THAT ALIGNS WITH THE COMPANY'S STRATEGY, CULTURE AND VALUES. OVER THE COURSE OF 2020 WE'LL WORK TO ENSURE THIS IS CLEARLY COMMUNICATED AND EXPLAINED TO OUR STAKEHOLDERS.

**OUR PURPOSE IS:**  
**“TO SAFELY PROVIDE INNOVATIVE AND RESPONSIBLE ENERGY SOLUTIONS TO AFRICA, WHICH ENABLE GROWTH AND DEVELOPMENT OF THE CONTINENT AND ITS PEOPLE.”**



## THE VIVO ENERGY WAY

Since the foundation of Vivo Energy in 2011, our operating culture of 'Focus, Simplify and Perform' has remained a central part of the way we do business. We achieve success by constantly reinforcing our fast and agile, decentralised business model.

Our values of honesty, integrity and respect for people guide our teams as they work towards our vision of becoming Africa's most respected energy business.

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, our people 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.

We seek to maintain constructive relationships with labour unions formally representing our employees and have localised union agreements and guidelines in place, as applicable.

# 2011

Since the foundation of Vivo Energy in 2011, our operating culture of 'Focus, Simplify and Perform' has remained a central part of the way we do business



## DOING BUSINESS THE RIGHT WAY

Reputation is our most important asset and we work hard to maintain it at every opportunity. We demonstrate the highest standards of corporate behaviour at all times in every interaction with 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) underpin everything we do and are the foundation of our business. All new employees complete an online induction programme, which explains our policies and helps them integrate into the organisation quickly and comprehensively.

Employees, third parties and members of the public also have access to our independent, 24/7 anonymous whistleblowing helpline, which they can use to raise any concerns.

During 2019 we rolled out a campaign to improve awareness of the helpline amongst employees in all our countries in order to ensure that they were aware of the option to report concerns without fear of victimisation, and whistleblowing posters were shared across our Retail service station network. All whistleblowing reports are sent to our Head of Ethics & Compliance and Head of Forensics for review, in line with our Investigation Guidelines and Misconduct and Loss Reporting Policy.

We're committed to providing equal opportunities for all our employees. No employees became disabled or were involved in a fatal incident during 2019, however, our policy is to make all efforts to retain, re-train and make adjustments for disabled colleagues.



# 24/7

Everyone has access to our independent, 24/7 anonymous whistleblowing helpline, which they can use to raise any concerns

# ISO

**ISO 37001**  
certification enhanced to cover all our markets

## ANTI-CORRUPTION AND ANTI-BRIBERY

During the year we enhanced our ISO 37001 Anti-bribery management systems certification, moving from a head office certification to a multi-site certification, covering all of our markets. We were the first African business in our industry to obtain this certification.

We provide mandatory employee training on topics such as Anti-bribery and corruption; Anti-money laundering; our Code of Conduct; and financial crime. Courses are conducted on a bi-annual basis for all employees and are tailored to specifically address applicable scenarios, with training completion monitored by our Ethics & Compliance office.

In addition, each employee is required to submit a Conflict of Interest declaration every year, confirming their understanding of our compliance policies, has to be submitted by all employees on an annual basis. These declarations are reviewed and approved by line managers.

We updated our Know your Counterparty (KYC) policy in 2019 in order to increase screening requirements for high-risk jurisdictions.

We also established a sponsorship and donations e-register which requires all employees to make declarations for line manager approval.

## HUMAN RIGHTS

We strongly support the elimination of all forms of modern slavery. Such exploitation is entirely at odds with our core values of honesty, integrity and respect for people. These values are crucial to our success and growth, and to achieving our vision of becoming Africa's most respected energy business.

Respect for human rights is embedded in our Code of Conduct and General Business Principles, which recognise a responsibility to conduct business as responsible corporate members of society and to support fundamental human rights in line with the legitimate role of business. Both the Code and the Business Principles explicitly address our commitment to combatting modern slavery and human trafficking.

During 2019 we completed a project to ensure that all Retail sites provided signed assurance that they acknowledged and understood our Combatting Modern Slavery policy.



## RESOURCES AND RELATIONSHIPS CONTINUED

# DEVELOPING OUR PEOPLE

AT THE END OF 2019, WE EMPLOYED 2,694 EMPLOYEES, BASED IN 26 COUNTRIES. WE ENSURE THAT WE HAVE THE RIGHT PEOPLE IN PLACE WITH THE RIGHT COMPETENCIES AND THAT THEY ARE FULFILLED AND ALWAYS FOCUSED ON DOING BUSINESS THE RIGHT WAY.

## DEVELOPING AND TRAINING OUR TEAMS

Learning and development is an integral part of our talent management philosophy and a key business priority, evidenced by the fact that our training spend increased from \$2.8 million in 2018 to around \$3.1 million in 2019.

We do learning differently at Vivo Energy. Instead of providing our employees with hundreds of courses to choose from, we identify individual learning needs and offer tailored training programmes. In addition to face-to-face training, we also offer our own online learning platform, again with specific interventions aimed at our core learning and development needs.

As well as these learning programmes, we also conducted an accelerated leadership programme in 2019, for 32 of our junior to mid-level managers, to help improve their strategic leadership skills; enabling them to grow and develop within the business.

Being able to think smarter, understand our vision and the wider commercial picture, and having an insatiable curiosity about the business is what makes great Vivo Energy people. Our training programme ensures we have a skilled and empowered workforce, with the right mind-set to succeed.



# \$3.1M

invested in learning  
and development in 2019

# 300

new employees joined  
Vivo Energy in our eight  
new Engen-branded countries



## INTEGRATING NEW COLLEAGUES

On 1 March 2019 around 300 new employees joined Vivo Energy in our eight new Engen-branded countries. One of our top priorities was to rapidly integrate these new teams into Vivo Energy and our way of working.

In the first week, senior colleagues from the Vivo Energy Leadership Team visited all of the new countries to provide an opportunity for the transitioning Engen employees to celebrate the move to Vivo Energy and feel welcomed into the Company.

All new employees completed a tailored online induction and were taken through online courses by the Ethics and Compliance team. This process ensured that new employees were familiar with and understood how we conduct business with integrity and respect in order to protect our reputation.

All leadership team members from our new countries were allocated mentors from within the Vivo Energy Group to help get them up to speed on the ways of working as quickly as possible, and to provide a dedicated point of contact to help them navigate the new systems and processes.

Finally, all new employees also took part in Cultures and Values workshops to ensure alignment with our operating culture and our values – which are at the heart of what we do – and the Vivo Energy way.

### HOW WE RECRUIT, REWARD AND RETAIN OUR TEAMS

2019 saw the introduction of a new, GDPR-compliant, Applicant Tracking System to drive simplicity and standardisation within our recruitment processes, while enhancing our talent brand. This includes posting vacancies to social media platforms, job boards and integrating with recruitment agencies. The system also provides an easier and more efficient interface for candidates to apply for roles.

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 sectors. In addition, we also provide a wide range of benefits for many of our people including healthcare, pensions and life insurance. Long-Term Incentive Plan (LTIP) arrangements apply selectively to senior managers and certain other key members of staff.

 See page 91 for details of LTIP awards to our Executive Directors.

Low rates of turnover and resignations in 2019 of 9.0% and 4.6% respectively are testament to the way we reward our teams, and underline our success in retaining talent. These figures are in line with those reported in 2018, which saw an 8.0% turnover and 3.4% resignation rate. The slight increase can be attributed to an increase in staff changes following the Engen acquisition. Furthermore, our overall turnover percentage remains well below the African benchmark.

Towards the end of 2018 we conducted an employee engagement survey. During 2019 action plans were developed from the survey results to enhance engagement.

These plans were generated at an operating unit level, as well as a central function level, to ensure a holistic approach in driving engagement. Plans were actioned throughout the year, yielding positive results which will continue to be improved on. We've identified career opportunities within the organisation as an area that requires attention. This is largely due to our flat structures and small central teams, with the majority of our employees based in operating units.



In Ghana we introduced a programme called 'Time with Ben Hassan', which provided an opportunity for the new Managing Director to engage directly with employees from across the business


Accelerated leadership programme for 32 junior to mid-level managers



The positive sentiment on career overall, however, has significantly increased since the last employee engagement survey. In particular, employees told us that they have access to the learning opportunities they require in order to develop themselves.

During 2019, internal talent filled more than 45% of all roles filled. At the management level, 63% of roles were filled by internal talent.

In line with the UK Corporate Governance Code, which aims to ensure that boards take into consideration the interests of employees, we appointed our Senior Independent Director, Hixonia Nyasulu, as Employee Engagement Champion.

 For more information see the Governance Report on page 71.

### DIVERSITY

We promote the development and best use of the talents of our employees to create an inclusive work environment, where every employee has an equal opportunity to develop his or her skills and talents.

Part of our talent strategy, our Diversity Principle, states that Vivo Energy values diversity as an organisational strength. We believe that employing and developing the top talent from all backgrounds and with varied experiences within the countries where we operate, gives us a competitive advantage.

### GENDER DIVERSITY

We strive to ensure balanced gender diversification across all employees.

Although our gender balance is steadily improving, we recognise that there is room for improvement.

Across the Group, women represent 26% of total employees, up from 25% in 2018. Female representation was higher (around 33%) among our office-based and sales staff in 2019.

Our gender split at 31 December 2019 was as follows:

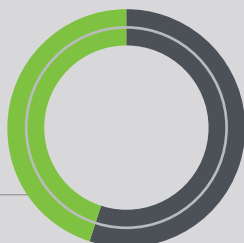
	Female	Male	Total
Board of Directors	2	7	9
Senior Executive Team <sup>1</sup>	1	8	9
All other employees	707	1,976	2,683

<sup>1</sup> The CEO and CFO are counted in the Board of Directors row. Whilst they are also members of the Senior Executive Team, they are not counted in this row, to avoid double-counting.

### IDENTIFYING CAREER OPPORTUNITIES

45%

OF ALL ROLES WERE FILLED BY INTERNAL TALENT



63%

OF MANAGEMENT LEVEL ROLES WERE FILLED BY INTERNAL TALENT



RESOURCES AND RELATIONSHIPS CONTINUED

# LOOKING AFTER OUR PEOPLE

SAFETY IS OUR ABSOLUTE PRIORITY. OUR AIM IS 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. HSSE is an integral part of our business plan and we work to incorporate it throughout our culture and operations. In 2019 we set four main HSSE focus areas:

- **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.

We have reviewed our HSSE focus areas and are maintaining the same four for 2020, adhering to our HSSE policy which outlines our systematic approach to HSSE management, designed to ensure compliance with the law and continuous performance improvement.

We maintain a Vivo Energy Group Crisis Management Plan, and run training sessions and simulation exercises in our OUs on an annual basis. Managing Directors from the Engen-branded OUs were briefed on Vivo Energy's Crisis Management Plan immediately before completion of the transaction and were trained at a workshop in Johannesburg in June.

# 0.04

Total recordable case frequency across the Group

In 2019 our annual Safety Day focused on employees thinking about why safety matters to them



## MOVING TO A PROACTIVE SAFETY CULTURE

We continue to work on moving from a reactive HSSE culture to one that's comprehensive and proactive, and this generated a strong HSSE performance in 2019.

One way in which we work to achieve this is by embedding the importance of potential incident reporting and timely close out across our employees, contractors and partners so that incidents are prevented from happening as opposed to being fixed after they've occurred – one of the true indicators of a world-class safety culture.

In our Shell-branded OUs, we're very proud of our Total Recordable Case Frequency (TRCF) and Lost Time Injury Frequency (LTIF), with zero incidents during the year, our strongest performance yet.

In the Engen-branded OUs we've been quick to introduce Vivo Energy's focus on HSSE and this has helped to improve our HSSE performance within these OUs. We were also ahead of our TRCF and LTIF targets. Our TRCF and LTIF rates in the Engen-branded OUs have reduced in our first 10 months to 0.47 incidents per million exposure hours.

In our Engen-branded markets we're particularly emphasising the importance of potential incident reporting. This has not only led to an upsurge in the number of potential incidents reported, but is also changing the HSSE culture in these countries from reactive to proactive, and for the better.

During October we ran our annual Safety Day across the Group, which encouraged all employees to stop and think about why safety matters to them.

## TOTAL RECORDABLE CASE FREQUENCY per million exposure hours

Year	Frequency
2019	0.04
2018	0.19
2017	0.10
2016	0.31
2015	0.26

## EMPLOYEE AND CONTRACTOR FATALITIES

Year	Fatalities
2019	0
2018	1
2017	0
2016	0
2015	2

# MANAGING OUR ENVIRONMENTAL IMPACT

WE RECOGNISE THAT WE HAVE A RESPONSIBILITY TOWARDS THE ENVIRONMENT, BEYOND LEGAL AND REGULATORY REQUIREMENTS. WE'RE COMMITTED TO REDUCING OUR ENVIRONMENTAL IMPACT AND CONTINUALLY IMPROVING OUR ENVIRONMENTAL PERFORMANCE AS AN INTEGRAL PART OF OUR BUSINESS STRATEGY.

## ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM

We're committed to reducing our environmental impact and continually improving our environmental performance, and encourage our partners, customers, suppliers and other stakeholders to do the same.

In 2019 we updated our Environmental Policy to focus on minimising our impact on the environment, in recognition of the Paris Agreement. This includes limiting the quantities of waste, assessing the environmental consequences of our operations on the local environment and operating in a safe manner.

All employees have a responsibility to ensure that the aims and objectives of the policy are met, with country Managing Directors responsible for policy implementation.

We're committed to developing and implementing an environmental management system (EMS) throughout the Group to measure, control and, where practical, reduce our environmental impacts. During the year we conducted a gap analysis to identify what actions are required to update our systems, and are working towards securing ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health and Safety) for Vivo Energy plc in 2020.

We believe that achieving these ISO standards at Group level will be an important tool to support continual improvement in our Environmental Management and HSSE systems, and comply with our environmental legal requirements, to meet and exceed the expectations of our stakeholders.

Four of our operating units (Uganda, Mauritius, Reunion and Senegal) have already secured ISO 14001. Following certification at Group level, our plan is to secure local certification across all the other operating units.

## ISO 14001

**Four operating units** have already secured ISO 14001, our plan is to secure local certification across all the other operating units



## RESOURCES AND RELATIONSHIPS CONTINUED

## PRODUCT SPILLS

During the year we experienced three minor product spills, resulting in 7.5 tonnes of product being lost.

Programmes to reduce and minimise product spills are in place, including training for road transport contractors and quality marshalls at the service stations. Comprehensive checklists have been developed around transporting product to ensure that the correct procedures are followed in order to reduce the chance of product spillage.

## REDUCING THE AGE OF THE ROAD TRANSPORT FLEET AND IMPROVING EFFICIENCY

Distribution of our product from our depots to service stations and commercial customers is an integral part of our business.

Our in-country teams are responsible for managing third party road transport contractors involved in moving product. They develop journey management plans to ensure risks are minimised in order to ensure safe transport. Additionally, with the help of our new ERP and depot automation systems, they have focused on increasing the volume of product carried per load by using larger trucks and optimising road transport schedules to improve drop efficiencies, supporting our aim to reduce our carbon footprint.

We're developing Trans-African contracts to reduce the number of road transport contractors across the Group, and ensure that we only use contractors with the highest HSSE standards and performance.

We've introduced a maximum age limit of 10 years on road transport contractors' heavy goods vehicles (HGVs) to encourage the use of newer, more efficient vehicles.

Where possible we are shifting the transport of product from road to rail, as well as increasing our use of pipelines, to reduce the total road transport kilometres driven. This has been particularly effective in Uganda where road transport has been reduced by approximately 50%.

50%

Reduction in road transport of our product in Uganda achieved by moving from road to rail and pipeline

## IMPROVING THE EFFICIENCY OF OUR SITES

We've continued our programme to maximise site efficiency by reducing energy consumption. For example, we've installed energy efficient chillers, LED illumination and under canopy motion detection systems, improved heating and air conditioning systems, more energy efficient building insulation and double-glazing.

In addition, we've continued to roll out renewable energy solutions at our operations, adding solar panels at 10 service stations, depots and offices.

Finally, we plan for newly built service stations and rebuilt sites across our network to include solar panels.

## DEVELOPING OUR HYBRID SOLAR SOLUTIONS

Not only are we adding solar at our own sites, but we're also exploring solutions to provide our commercial customers with hybrid solar energy solutions. We believe the benefit of bringing total power solutions to our commercial customers – including solar and fuel – are many, including cost and environmental benefits.

## REDUCING 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 2019 we launched Shell's latest fuel, which contains DYNAFLEX technology, in more countries. This new formulation helps clean and protect key components in vehicle engines, leading to better engine efficiency, reduced fuel consumption and therefore reduced emissions.

In 2019 we launched Shell FuelSave diesel and unleaded fuels with DYNAFLEX technology in Mauritius, Morocco and Senegal. In Morocco we also launched Shell V-Power diesel and unleaded with DYNAFLEX technology.

We market Shell FuelSave, which has been designed to improve combustion, boosting efficiency and saving fuel in our Shell-branded countries. 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.

Launch of Shell FuelSave with DYNAFLEX technology in Senegal



## MAXIMUM AGE LIMIT

10 years

FOR CONTRACTORS' HGVs





## REDUCING THE IMPACT OF MARINE FUELS

On 1 January 2020, global sulphur limits for marine bunker fuel were lowered from 3.5% to 0.5%, affecting fuel demand from the shipping industry.

We support the reduction in air pollution from ships that the global sulphur cap brings, and continue to work with our marine customers to supply safe and fully compliant marine fuels. In Cape Verde and Mauritius we worked closely with the port authorities and governments to ensure that pipes and tanks were cleaned and prepared, in readiness for the new International Maritime Organisation (IMO) regulations.

## GREENHOUSE GASES

We're committed to reducing our environmental impact and continually improving our environmental performance as an integral part of our business strategy and operating methods. To meet this commitment, we've adopted various Greenhouse Gas (GHG) reduction methodologies, including energy efficiency initiatives at our sites and monitoring energy usage at Group level on a monthly basis. We've also introduced strict controls on business travel to further reduce our carbon footprint.

We adhere to the UK Government Environmental Reporting Guidelines and the UK Government Greenhouse Gas Conversion Factors. These are the methodologies used to calculate our GHG emissions. Following the completion of the Engen transaction in March 2019, we have included their contribution into our Group emission figures.

For the year ending 31 December 2019, our combined GHG emissions from our 23 Shell and Engen-branded operating units were:

	Kilotonnes of CO <sub>2</sub> equivalent 2019
Emissions from combustion of fuel (Scope 1)	67.32
Emissions from electricity, heat, steam and cooling (Scope 2)	8.02
<b>Total Scope 1 &amp; 2 emissions</b>	<b>75.34</b>
<b>Emissions intensity ratio (KT CO<sub>2</sub>e/10k m<sup>3</sup>)</b>	<b>0.07232</b>

This figure includes emissions of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) 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. We have not included emissions from our central offices located outside of our operating units as these are small, shared office spaces, without accurate information and responsible for minimal emissions.



In 2018 we reported that our estimated overall GHG emissions totalled 102.82 kilotonnes of CO<sub>2</sub>e in relation to our Shell-branded operating units. This figure covered a broader range of emissions than Scope 1 and Scope 2 definitions and was not broken down by category. In order to provide a relevant comparison, in addition to our Scope 1 and 2 reporting above, we estimate that using the same methodology as in 2018, the overall GHG emissions for our Shell-branded operating units fell to 92.34 kilotonnes of CO<sub>2</sub>e in 2019. The enlarged Group's emissions rose marginally to 105.12 kilotonnes of CO<sub>2</sub>e, due to the addition of the Engen-branded operating units.

We've reduced our GHG emissions in the Shell-branded markets by assessing and prioritising the energy consumption and efficiency of both existing and new operations, sites and products across all stages – operational, development, design and purchasing. This is supported by utilising renewable technologies where possible. We're also exploring how we can offer increased value to our customers by providing renewable energy value propositions and credible carbon offsets to minimise our carbon footprint. For 2020 we're aiming to keep our overall CO<sub>2</sub>e emissions flat at 105 kilotonnes, despite the expected growth of our network and business, and will continue to develop our external reporting in line with market requirements.

## PROMOTING GOOD ENVIRONMENTAL PRACTICES IN OUR COMMUNITIES

As part of our Community Investment programme we focus on three key areas: Road Safety, Education and the Environment.

For example, we introduced a new community investment project in Ghana during the year. This involved inviting our employees to suggest projects for us to support. The chosen project aimed to provide clean drinking water and improved education facilities for the people of Hiamankylene, in the Upper East region of Ghana. Clean drinking water is a very real challenge in Ghana, with approximately 19,000 Ghanaians dying annually as a result of poor water quality. Following local community involvement and feasibility studies, water boreholes were sunk, together with the reconstruction of a dilapidated community school.

### Efficiently designed Engen Beauséjour service station in Reunion



## RESOURCES AND RELATIONSHIPS CONTINUED

# MAINTAINING AN EFFECTIVE FINANCIAL STRUCTURE

A SOUND AND EFFECTIVE FINANCIAL STRUCTURE ANCHORS OUR INVESTMENT STRATEGY AND IS A KEY DRIVER OF OUR BUSINESS PERFORMANCE.

## HOW WE'RE FUNDED

Our business has achieved tremendous growth since inception in 2012 and we've expanded our footprint in Africa by investing over \$900 million of funds generated internally from operating cash flows. Most of the Group's funding requirements for new investments come from cash generated by existing operations as well as our structural negative working capital position. We have a well-managed financial structure at Group level, with a leverage ratio of 0.48x in 2019 and have access to \$1.9 billion in liquidity.

## CAPITAL ALLOCATION

We follow a structured approach to capital allocation which ensures that every growth project adds significant value to our business. Our post-investment review process is robust and measures actual returns against projections, with the majority of our projects exceeding required returns.

# 0.48x

**Leverage ratio**  
in 2019 (2018: 0.79x)

# \$1.9BN

**Available short-term capital resources**  
in 2019 (2018: \$1.7 billion)

## OPERATING LEVERAGE

Our operating model mitigates the need for adding significant overhead whenever we grow the size of our Retail network, which confirms the Group's healthy operating leverage. Since 2015, we've grown volumes by a CAGR of 7%, gross cash profit by 12%, adjusted EBITDA by 16% and adjusted net income by 22%.

## CURRENT CREDIT RATINGS

We were awarded a rating of BBB- by Moody's in 2019, which is investment grade, and reflects well on our financial structure and business strategy. We also have current BB+ ratings from Standard and Poor's and Fitch Ratings. We actively monitor capital market conditions for opportunities to enhance the efficiency of our capital structure.

## NON-FINANCIAL INFORMATION STATEMENT

This Annual Report contains the information required to comply with the Companies, Partnerships and Groups (and Non-Financial Reporting) Regulations 2016, as contained in sections 414CA and 414CB of the Companies Act 2006. The table below provides key references to information that, taken together, comprises the Non-Financial Information Statement for 2019:

NO.	REPORTING REQUIREMENT	POLICIES	REFERENCE IN THE 2019 ANNUAL REPORT	PAGE NO.
1	ENVIRONMENTAL MATTERS	– Environmental policy	– Climate change	53 to 55
		– Code of conduct	– Climate change risk	59
		– HSSE and Social Performance policy	– Managing our environmental impact	53 to 55
			– HSSE risk	62
2	EMPLOYEES	– Code of conduct	– Our culture and purpose	48 to 49
		– General Business Principles	– Our people	50 to 51
		– Whistleblowing policy	– Looking after our people	52
		– Data protection policy		
		– Privacy policy		
		– Performance, reward and recognition framework		
		– Travel security policy		
3	HUMAN RIGHTS	– Combatting Modern Slavery statement	– Our culture and purpose	48 to 49
		– Privacy policy		
		– Data protection policy		
4	SOCIAL MATTERS	– Code of conduct	– Engaging with our stakeholders	44 to 45
		– General Business Principles	– Our people	50 to 51
		– HSSE and Social Performance policy		
5	ANTI-CORRUPTION AND ANTI-BRIBERY	– Anti-bribery and corruption manual	– Criminal activity, fraud, bribery and compliance risk	61
		– Anti-money laundering policy	– Our culture and purpose	48 to 49
		– Anti-trust manual		
		– Whistleblowing policy		
		– Know your counterparty policy		
		– Gifts and hospitality policy		
– Code of conduct				
6	BUSINESS MODEL		– Business model and value creation	20 to 21
7	PRINCIPAL RISKS AND UNCERTAINTIES		– Principal risks and uncertainties	60 to 65
8	NON-FINANCIAL KEY PERFORMANCE INDICATORS		– Non-financial key performance indicators	27
			– Our strategic objectives	22 to 25

RISK MANAGEMENT

# OUR APPROACH TO RISK

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. Risk evaluation is conducted by assessing the probability of a risk occurring and its impact should this happen.

The main purpose of risk evaluation is to help prioritise risks.

**OUR APPROACH TO RISK MANAGEMENT**

Our internal control system is based on the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) framework and uses the five components of the framework: control environment, risk assessment, control activities, monitoring, and information and communication.

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

Our 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 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 guidances, 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 (Internal Control, Credit, Treasury) and non-financial (Legal, Ethics & Compliance, Supply, HSSE, Retail) 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.

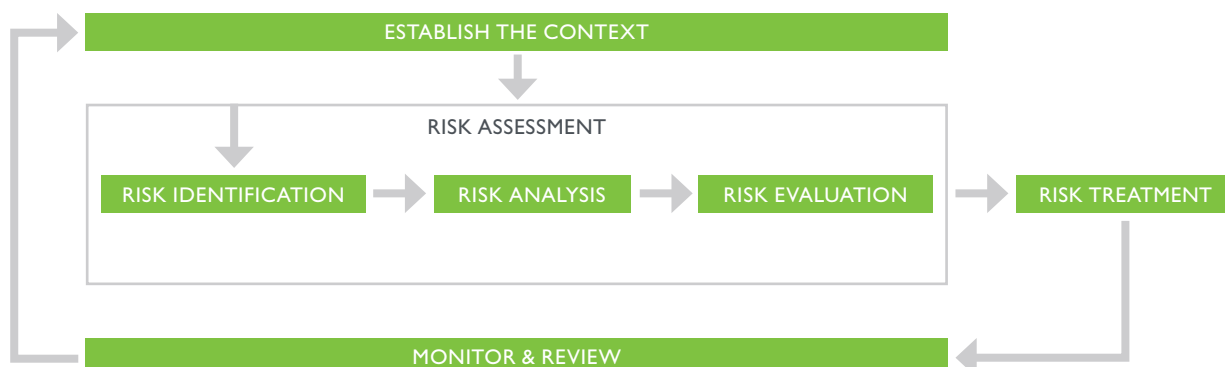
**OUR RISK APPETITE**

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.

When considering risk appetite, the Board seeks to balance opportunities for growth and business development in areas of potentially higher risk and return, while being more risk averse in other areas such as reputation, legal, regulatory and health and safety.

**RISK MANAGEMENT FRAMEWORK**



## RISK ASSESSMENT

For each risk or category of risks, our risk management process includes activities performed in a continuous cycle. 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 2019, we have continued to embed our risk management and governance structure across the Group. The risk register, introduced in 2018, is one of its key components. The areas of risk focus include HSSE, financial, operational, compliance, reputation and strategic. We consider both current and emerging risks. The register reports on a quarterly frequency and facilitates evaluation of existing and emerging risks by functional heads.

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

Every year, 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. These include structural investment decision processes, timely and effective reporting systems and performance appraisal. They cover all material controls, including financial, operational and compliance.

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.

As a result of our increased visibility as a public company, following our listing on the London Stock Exchange and the Johannesburg Stock Exchange, we are particularly exposed to cyber threats and fraud risk (this includes phishing, hacking and fraud attempts on our business).

The Forensics function, formalised in 2018, is in charge of the fraud detection and investigation activities as well as fraud awareness and prevention and it works in close collaboration with the Group Ethics and Compliance function. The function acts independently of the business and reports directly to the Head of Internal Audit.

The recently introduced Misconduct and Loss Reporting Policy, together with the Investigation Guidelines, direct our response to fraud and manage the reporting, analysis and investigations of serious allegations or concerns. The Forensics function monitors the cases identified and initiates or advises on the investigations when suspicions or allegations are reported.

As part of our ongoing risk analysis, we reviewed the potential impact of climate change on our business. While we recognise the increased focus from stakeholders around the issue, management does not currently believe that the risk should form one of our Principal Risks as the likelihood of a material impact to our activities from climate change in the near-term is currently relatively low. As part of the review, we assessed the potential impact on future fuel demand, access to finance, regulation and the impact of extreme weather events. However, management is continuously monitoring the longer-term impact that climate change may have on our business model, strategy and financial planning process. We are aware of our environmental impact and we are committed to making our operations as efficient as possible. We have a range of initiatives underway in order to limit our environmental impact.

The acquisition of Engen International Holdings (Mauritius) Limited completed on 1 March 2019 has increased legal and regulatory risk as we have expanded our footprint to eight new markets and, consequently, must now comply with new regulatory requirements. In the new countries, each Group Functional Head has deployed an integration programme to align the functions under their direct responsibility to the Group standards. This has focused particularly on the Finance function, HSSE and Legal functions.

As a listed company on the Main Market of the London Stock Exchange, we have considered the implications of the United Kingdom's exit from the European Union ('Brexit') on the business of the Group. The Brexit withdrawal agreement (officially: The Agreement on the Withdrawal of the United Kingdom from the European Union), setting the terms of the withdrawal, was ratified by the UK on 24 January 2020 and by the European Parliament on 29 January 2020. In view of their geographical location, we do not expect our business operations to be impacted by the terms of this agreement. We will however maintain close monitoring and assessment during the Brexit transition period and will seek to mitigate any adverse impact that may occur as a result of the new terms for the future relationship between the United Kingdom and the European Union.

## RISK MANAGEMENT CONTINUED

# 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 business;
- 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 other risks 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. In addition to the risks and uncertainties presented below, the management of the fuel cards platform and our ability to simultaneously manage the multiple growth generating projects are closely monitored by all relevant control functions.

## BRAND & REPUTATIONAL

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
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### I. PARTNER REPUTATION AND RELATIONSHIPS

Our business depends on a small number of key contractual brand relationships with our brand partners, Shell and Engen. We also rely on our own business reputation and brand in order to successfully grow our business and develop new relationships with other brand partners.

Our ability to grow and maintain our business in our markets and beyond depends on the reputation of our business partners and relationships (including our brand partners).

The termination of any key brand licence could have a material impact on our ability to grow or maintain our business and could have a material cost impact on current operations.

The deterioration of our brand name, or of any of our business relationships, including with our existing brand partners, may prevent collaboration opportunities with existing or new partners, thus hindering growth plans of the Group.

A negative trend or development in the brand or reputation of one of our key business partners could adversely impact our current business and future growth plans if it were to adversely impact consumer sentiment towards the brands under which we operate.

Our brand licence agreements contain customary termination provisions which provide that they can only be terminated in very specific circumstances rather than for mere convenience. Such termination provisions relate, inter alia, to events of material breach, insolvency etc. We have developed appropriate processes and procedures to monitor and ensure our compliance with the terms of our brand agreements thus preserving both the relationships with our brand partners and the sanctity of our key contractual relationships. The Group's corporate reputation risk is one of the key risk categories subject to an ongoing assessment and mitigation in our risk management approach. It is continuously monitored and reported as part of the risk register and internal audit reporting.

We endeavour to only enter into brand relationships with well-established and reputable partners who are less likely to suffer significant loss of reputation or brand value. In all our key contracts and relationships we ensure our partners adhere to ethical, HSSE and other operational standards that meet or exceed our own standards. Stringent Know Your Counterparty (KYC) procedures are performed prior to entering any contract over a value of \$50,000 per year (and regardless of any value when the counterparty is related to a defined list of sanctioned countries). We promote and develop the communities in which we operate to help build the Vivo Energy brand as the most respected energy business in Africa.

1

## BRAND & REPUTATIONAL

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
<b>2. CRIMINAL ACTIVITY, FRAUD, BRIBERY AND COMPLIANCE RISK</b>			
<p>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.</p> <p>There are a number of regulatory requirements applicable to the Group. The related risk of non-compliance with these regulations has increased following the listing and the Engen transaction.</p>	<p>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.</p>	<p>We provide compliance training programmes to employees at all levels.</p> <p>Our 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.</p> <p>We have a confidential whistle-blowing helpline for employees, contractors, customers and other third parties to raise ethical concerns or questions.</p> <p>We regularly maintain and update our information technology and control systems within the Group.</p> <p>The Head of Ethics and Compliance and the Head of Forensics are involved in mitigating fraudulent activities in the Group.</p> <p>We strive to ensure our anti-bribery management systems will continue to be certified compliant under the ISO 37001 standard.</p>	<p>①</p> <p>②</p> <p>④</p>

## PRICING

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
<b>3. OIL PRICE FLUCTUATIONS</b>			
<p>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.</p>	<p>Higher supply costs in deregulated markets result in higher prices for our products and could reduce our ability to achieve targeted unit margins.</p> <p>Price fluctuations could negatively impact the value of stocks, resulting in stock losses.</p>	<p>Exposure to commodity price risk is mitigated through careful inventory and supply chain management as well as dynamic pricing.</p>	<p>③</p> <p>④</p> <p>⑤</p>
<b>4. CURRENCY EXCHANGE RISK</b>			
<p>We are exposed to foreign exchange risk, currency exchange controls, currency shortage and other currency-related risks.</p> <p>Our risk includes hyperinflation, particularly in Zimbabwe where we have expanded our activities through the Engen International Holdings (Mauritius) Limited acquisition.</p>	<p>Depreciation of foreign currency exchange rates could result in severe financial losses.</p>	<p>Our treasury policy requires each country to manage its foreign exchange risks. The Central Treasury team approves all hedging plans before they are actioned to ensure they are aligned with our strategic focus.</p> <p>We mitigate currency exchange risks through margin and pricing strategies.</p>	<p>②</p> <p>③</p> <p>④</p>

## RISK MANAGEMENT CONTINUED

## HEALTH, SAFETY, SECURITY &amp; ENVIRONMENT

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
<b>5. HEALTH AND SAFETY</b>			
<p>We are exposed to accidents or incidents relating to health, safety and the environment and from such accidents relating to employees.</p> <p>We are further subject to HSSE laws and regulations and industry standards related to each of the countries in which we operate.</p>	<p>We may incur potential liabilities arising from HSSE accidents/incidents.</p> <p>Brand reputation can be severely impacted, along with employee confidence.</p> <p>Regulators and authorities may impose fines, disrupt our operations and disallow permits for future ventures.</p>	<p>We ensure all safety measures for our retail service stations, storage sites, and employees are maintained at international standards.</p> <p>We invest significantly in training and technology to improve road transport safety.</p> <p>The highest emphasis is placed on process safety, and minimising security risks to our people, our facilities and the communities in which we operate.</p> <p>We require all our contractors and partners to manage their HSSE policies and practices in line with ours.</p> <p>On an ongoing basis, safety and security drills, campaigns and programmes are conducted to ensure widespread knowledge of the Group's HSSE principles and procedures.</p> <p>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.</p>	<p>①</p> <p>②</p>

## LEGAL, REGULATORY AND POLITICAL INSTABILITY

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
<b>6. ECONOMIC AND GOVERNMENTAL INSTABILITY</b>			
<p>Several countries and regions in which we operate have experienced economic and political instability that could adversely affect the economy of our markets.</p>	<p>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.</p>	<p>We closely monitor evolving issues in markets.</p> <p>We ensure appropriate responses and business continuity plans are developed to minimise disruptions.</p> <p>All local regulatory environments and changes are closely monitored.</p>	<p>①</p> <p>④</p>

## OPERATIONAL

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
<b>7. PRODUCT AVAILABILITY AND SUPPLY</b>			
<p>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.</p> <p>Furthermore, we are restricted by limited storage capacity within some country facilities.</p>	<p>The increased procurement costs could lower our margins.</p> <p>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.</p>	<p>We ensure optimal inventory management through close monitoring of inventory days, sales and other factors which may require additional inventory levels.</p> <p>We monitor our suppliers' political and social environments, and realign our purchasing strategies as necessary.</p> <p>We have increased storage capacity at strategic locations within Africa, following the Engen acquisition.</p>	<p>①</p> <p>③</p>



## OPERATIONAL

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
<b>8. BUSINESS CONCENTRATION RISK</b>			
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 and reduced the relative weighting of the Shell-branded operating units, including Morocco, in the Group's operations and volumes.	① ⑤
<b>9. NEW ERP IMPLEMENTATION</b>			
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 and controls, making 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 new platform is now operational in the 15 Shell-branded countries. Segregation of duties and data quality have been assessed through both internal and external audits. A new programme to complete enhancements and fixes has been designed to ensure the Group can take full benefit of the programme. The deployment for the Engen-branded countries (most of them already operating with a solution from the same vendor) is being scheduled.	② ③

## STRATEGIC

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
<b>10. ACQUISITION INTEGRATION</b>			
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 plans.  Tailored on-boarding and training is delivered post-acquisition to ensure a smooth and efficient transition.  In the new Engen-branded operating units, we have deployed an integration programme to align all key functions and activities to the Group standards. Progress is measured through key performance indicators.	② ④ ⑤

## RISK MANAGEMENT CONTINUED

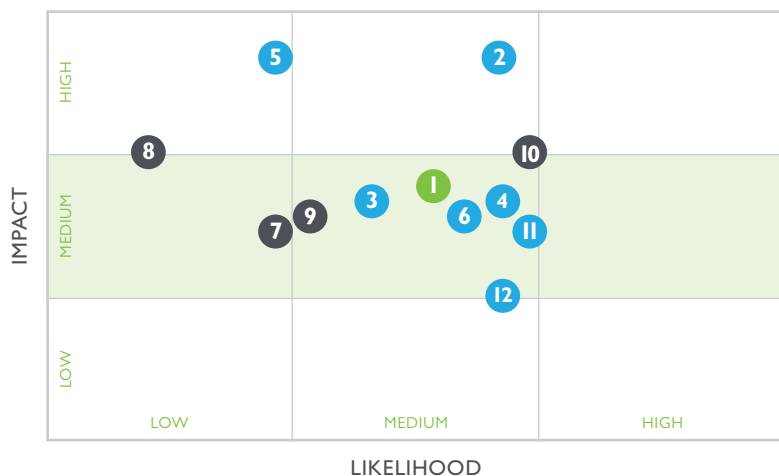
## FINANCIAL

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
<b>II. CREDIT MANAGEMENT</b>			
We face risks arising from credit exposure to commercial and retail customers as well as governments, including outstanding receivables and committed transactions.	<p>This may result in financial loss as a result of bad debts and lost revenue.</p> <p>Exceeding payment terms will result in lower working capital, potentially creating liquidity challenges for the business.</p>	<p>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.</p> <p>Continuous monitoring of outstanding credit balances are performed to ensure our overall risk remains within our tolerance.</p> <p>We impose strict guidelines and procedures should customers exceed the credit limits set.</p> <p>Credit limits are set on an individual basis after having assessed the customer through KYC procedures.</p> <p>We use debtor factorisation when considered cost effective.</p>	<p>②</p> <p>④</p>

## HUMAN RESOURCES AND TALENT MANAGEMENT

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
<b>12. HUMAN RESOURCES &amp; TALENT MANAGEMENT</b>			
Our ability to attract, train and grow people as well as retain talent is key to ensure the continuous success of the Group.	<p>Increased costs caused by staff inefficiency.</p> <p>Interruptions to operations and delay in new projects.</p> <p>Key people leaving the Group, with some joining competitors.</p> <p>Disputes, strikes and sub-standard performance.</p>	<p>We benchmark compensation packages and employees policies with market practice.</p> <p>We invest in employee training and career development.</p> <p>Employee on-boarding workshops are used to ensure that new employees are familiar with our business, our culture and their roles when joining the Group.</p> <p>We maintain constructive dialogue with unions and worker representatives.</p> <p>The Group has detailed succession plans and talent management programmes.</p>	<p>①</p> <p>②</p>

## PRINCIPAL RISK FACTORS



### PRINCIPAL RISK FACTORS

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
12. Human resources and talent management

### RISK IMPACT ASSESSMENT<sup>1</sup>

- Decreased
- Unchanged
- Increased

<sup>1</sup> Residual risk after consideration of controls.

## LONG-TERM VIABILITY AND GOING CONCERN

### LONG-TERM VIABILITY

In accordance with provision 31 of the 2018 UK Corporate Governance Code the (2018 Code), the Directors have assessed the prospects of the Group over a period significantly longer than 12 months. The Directors 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 Group's strategic business planning cycle and matches the term of the primary financing arrangements of the Group. The Directors have reasonable confidence over this time horizon which allows for an appropriate assessment of the Group's principal risks.

### Assessment of 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. The prospects assessment uses key macro drivers as assumptions to forecast how markets will evolve. Assumptions include for example, wage and salary growth rates, foreign exchange rates, inflation and GDP growth, and crude oil price assumptions.

### 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 deregulated 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 2019.

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 30 of the 2018 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.

**JOHAN DEPRAETERE**  
CHIEF FINANCIAL OFFICER

3 MARCH 2020

# GOVERNANCE

THE FOLLOWING PAGES DEMONSTRATE HOW WE MEET 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 DURING THE YEAR.

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## CHAIRMAN'S STATEMENT

# MAINTAINING HIGH STANDARDS OF GOVERNANCE

I'm pleased to present the Corporate Governance Report for 2019. The Report sets out our governance arrangements, the Board's key actions during the year, our approach to Board diversity, as well as our approach to how we promote Board effectiveness.

## UK CORPORATE GOVERNANCE CODE

Vivo Energy is committed to maintaining standards of corporate governance which enhance performance, reduce risks and promote the protection of our shareholders' interests. The Board recognises that good corporate governance is essential in building a successful and sustainable business for the longer-term and for ensuring positive relationships with our key stakeholders.

The publication of the 2018 UK Corporate Governance Code (the '2018 Code') gave the Board an opportunity to review and evaluate our governance arrangements. This process resulted in some key changes to our governance arrangements including the definition of Vivo Energy's Purpose. Further details of these changes are provided on page 48.

One of the year's most important developments was the Board's approval of the Board Diversity Policy which sets out our approach to diversity. The Policy considers diversity in its broadest terms, which includes ethnicity and gender, but also other characteristics such as age, skills and education, and diversity of thought. Such characteristics enhance Board effectiveness and help us deliver against our strategy. Further information is on page 83.

During the year, the Board undertook its first effectiveness review. I'm pleased to report that the review concluded that the Board operates effectively and is well run, with positive relationships between Board members. Further information can be found on page 82.

## STRATEGY

During 2019 the Board supported management with the development of the Group's long-term strategy. Further information is provided in the Strategic Report on page 22.

Important elements of the longer-term strategy were two transformational projects run within the business, the Engen integration and the ERP implementation. The Board was regularly briefed on the progress of these projects.

## OUTLOOK

During the coming year, the Board will continue to focus on the delivery of results, its oversight of the development of the long-term strategy and ensuring the Group has the right people, with the right skills to deliver the strategy. The Board remains focused on creating sustainable long-term value for the benefit of our shareholders and wider stakeholders.

**JOHN DALY**  
CHAIRMAN

3 MARCH 2020





Our culture,  
supported by our  
values of honesty,  
integrity and respect  
will help us grasp the  
opportunities ahead.



## COMPLIANCE WITH THE 2018 CODE

The Board has overall responsibility for governance at Vivo Energy plc (the 'Company') and is accountable to its shareholders. This Governance Report describes how during 2019 the Board has applied the main principles and complied with the relevant provisions of the 2018 Code (available from [www.frc.org.uk](http://www.frc.org.uk)).

The Directors' Report also contains information required to be disclosed under the UK Listing Authority's (UKLA) Rules and the Disclosure Guidance and Transparency Rules (DTRs). To the extent necessary, certain information is incorporated into this Report by reference.

## COMPLIANCE STATEMENT

The Board is committed to the principles of good corporate governance and achieving compliance with the 2018 Code. The Company has applied the main principles and complied with all the provisions of the 2018 Code except as indicated below:

Provision 17 – the Nominations and Governance Committee has not reviewed the succession plans of Senior Management or formally reviewed the Group's diverse pipeline, please see page 83 for further information.

Provision 24 – for the period 1 January 2019 to 7 May 2019, the Chairman was a member of the Audit and Risk Committee, please see page 80 for further information.

Throughout the Governance and Directors' Reports, we have set out how we have applied the main principles and complied with the relevant provisions of the Code. Further information can be found as follows:

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## BOARD LEADERSHIP AND COMPANY PURPOSE

### APPLYING THE NEW CODE IN 2019

The Board welcomes the publication of the 2018 Code. Over the past year we have undertaken a review of our governance arrangements and evolved our processes to reflect a number of new requirements of the 2018 Code. Below you will find details of the progress made during 2019.

### HOW VIVO ENERGY'S GOVERNANCE SUPPORTS ITS STRATEGY

The Board, through its oversight of the development of the Company's strategy, provided support and challenge through this process and maintained a key focus on the sustainable growth of the Company. A key component of the Board's role in the development of Vivo Energy's strategy is the approval of the annual operating plan. This process allows the Board to ensure that the business has the necessary resources to deliver its strategy. Other key strategic items considered by the Board during 2019 included:

- the Engen acquisition integration; and
- the rollout of the new ERP system throughout the business.

Further information on the strategic priorities for the Vivo Energy Group (the 'Group') is available in the Strategic Report.

To ensure the Board can support the business in meeting its strategic priorities, it is important that our Directors have a variety of backgrounds and skills.

### VIVO ENERGY'S PURPOSE AND CULTURE

Vivo Energy's operating culture is to 'focus, simplify and perform', with a particularly strong focus on HSSE performance. We recognise that our operating culture, along with our values of integrity, honesty and respect for people, are core to achieving our vision of becoming Africa's most respected energy company. Our operating culture and values have been core to our business since 2011 and we believe they remain fundamental to the future success of the business.

As a business, we recognise that we are only as good as our people and we recognise and understand the value of recruiting and developing the best people. By living our values, our people differentiate us from our competitors and enable us to deliver our strategy. It is therefore important that all of our people understand the importance of our vision, values and purpose.

During the year the Senior Executive Team spent time reflecting on the Company's purpose and ensuring that it underpins Vivo Energy's vision, values, operating culture and strategy. The Board approved the Company's Purpose Statement:

**Vivo Energy's purpose is to safely provide innovative and responsible energy solutions to Africa, which enable growth and development of the continent and its people.**

During 2020, work will be undertaken to communicate and embed our purpose throughout our business. Further information is available within the Strategic Report on page 48.

### REINFORCING OUR CULTURE:

The Board recognises the importance of its role in the oversight of cultural matters. During the year the Directors discussed various areas of the Group's culture and asked management to provide an annual culture report detailing how the Group has 'lived' its operating culture and values.

The annual update includes:

- the way in which Vivo Energy's culture is embedded throughout the organisation;
- the mechanisms in place to provide insight and feedback on Vivo Energy's culture; and
- cultural challenges faced by the Group.

In addition an annual whistle-blowing report is provided to the Board which provides an update on the whistle-blowing programme, including any corrective action taken for any material incidents.

### HOW THE BOARD MONITORS CULTURE:

**Whistle-blowing** – Employees can report incidents of wrongdoing through both internal and external mechanisms. In addition to the reports raised through line managers, the Company has in place the Vivo Energy Global Helpline to enable employees or others to raise concerns in relation to suspected violations of the law or the Vivo Energy General Business Principles (such reports may be raised anonymously, 24 hours a day, seven days a week via an independent helpline). Any reports are then referred to the Head of Forensics and Head of Ethics & Compliance or the General Counsel and are investigated or escalated to the Chairman and the Chair of the Audit and Risk Committee as required. During 2019, responsibility for these processes was reassigned from the Audit and Risk Committee to the Board. The Board is provided with periodic reports on whistle-blowing. Further information is available on page 49.

**Ethics, bribery and fraud** – The Audit and Risk Committee regularly monitors and reviews the Company's policies, incidents and trends arising from any such incidents and updates of key matters are provided to the Board.

**Risk management and internal controls** – The Audit and Risk Committee reviews the effectiveness of the Group's system of internal controls and risk management annually. The result of the Committee's review is reported to the Board. During 2019, the Board assessed the Committee's review and confirmed it concurred with the Committee's assessment that the risk management and internal controls of the Group remain effective.

**Listening to our employees** – Employee engagement is measured through the employee engagement survey which is undertaken every two years. Questions allow employees to share their views on key topics, which provide valuable insight into employee engagement and the Group's culture. During 2019, an overview of key findings was presented to the Board, which included key areas of improvement. Action plans were prepared by the business to address the priority issues.

During 2019, the Company appointed the Senior Independent Director as its Employee Engagement Champion. This will mean that the Board will have the benefit of further employee engagement feedback.

**Promoting the success of the Company** – The Directors, in conducting Board business and taking decisions at Board meetings, act in way that is most likely to promote the success of the Company for the benefit of its members as a whole, whilst having due regard and taking into account the likely short and long-term consequences of any decision on the Company and its business, the interests of all the Company's stakeholders, including employees, and the impact on the community and environment in which the Company conducts its business.

The Board's section 172(1) statement is included within the Strategic Report on page 45.



## KEY ACTIVITIES TO MEET THE REQUIREMENTS OF THE 2018 CODE

### PURPOSE, CULTURE AND VALUES

During 2019, the Board asked the Senior Executive Team to review the Group's purpose and culture. The output of this review led to the definition of the Company's Purpose, which was approved by the Board. Further details can be found on page 48.

The reporting lines in respect of our whistle-blowing processes were reviewed in light of the 2018 Code requirements. The Board is now responsible for the Company's whistle-blowing processes and receives periodic reviews.

### REMUNERATION

Under the 2018 Code, the Remuneration Committee is required to review workforce compensation and related policies and the alignment of incentives and rewards with the Group's culture, and to take this review into account in the setting of the policy for Executive Director remuneration.

During 2019, the Remuneration Committee received updates on workforce remuneration, reviewed the requirements of the 2018 Code and approved the Committee's amended terms of reference.

At the 2019 AGM, Shareholders approved the Remuneration Policy.

### WORKFORCE AND STAKEHOLDER ENGAGEMENT

The 2018 Code prescribes how the Board should engage with the Group's workforce. During 2019, the Board appointed Hixonia Nyasulu as Employee Engagement Champion. Further details are set out below.

The 2018 Code emphasises that the Board should understand the views of key stakeholders and be in a position to explain how their interests have been considered in decision-making.

During Director discussions, factors set out in our section 172(1) statement on page 45 are considered, where relevant to the Board's decision-making.

The Board has formalised this within its decision-making processes, by ensuring that the consideration of stakeholder interests are set out in all Board and Committee papers in a proportionate and appropriate way, relevant to the matter to be considered. This will enable the Board and its Committees to effectively address stakeholder concerns.

### NOMINATIONS AND GOVERNANCE COMMITTEE

To assist the Board in meeting its enhanced obligations under the 2018 Code, the remit of the Nominations and Governance Committee was expanded during 2019 to include oversight of the Board diversity policy and support the Board's work in respect of employee engagement.

To recognise this increase in responsibility the Committee was renamed the Nominations and Governance Committee.

### WORKFORCE ENGAGEMENT AND THE APPOINTMENT OF THE COMPANY'S EMPLOYEE ENGAGEMENT CHAMPION

Hixonia Nyasulu was appointed as the Company's Employee Engagement Champion. Hixonia brings to the role wide-ranging experience in leadership and operations and fully understands and supports the importance of engagement, teamwork and diversity.

This role will include:

- Engaging with the VP HR and regional HR representatives to obtain an understanding of the issues and concerns of the workforce, in addition to receiving positive feedback and business improvement suggestions from the employees.
- Reviewing employee engagement mechanisms to ensure they remain effective.
- Reviewing the output of the employee engagement survey.
- Ensuring that there is an appropriate feedback mechanism to the workforce on what steps have been taken to address their concerns.

Hixonia will report to the Nominations and Governance Committee, Remuneration Committee and Board, as appropriate, on relevant workforce engagement matters.

During 2020, the role of the Employee Engagement Champion will continue to be refined. Proposed Workforce Engagement activities for 2020:

- Meetings to be held with the VP HR and regional HR representatives to discuss feedback and business improvement suggestions from the workforce.
- The output of the 2020 employee engagement survey to be reviewed.
- A review of the employee engagement process to be undertaken to ensure it is effective.

This plan will be subject to change as the year progresses to support the Board and its Committees achieve effective workforce engagement. Details on these engagement activities will be reported in the 2020 Annual Report.

### OTHER ACTIVITIES

The Board approved the updated Matters Reserved to the Board and revised terms of reference for all Board Committees to reflect the requirements of the 2018 Code. Copies of each document are available on the Company's website.

In addition, to ensure the Company complied with the 2018 Code requirements in respect of the Audit and Risk Committee membership, the Chairman stepped down from the Committee on 7 May 2019.

The Board will continue to embed its approach to applying the 2018 Code during the forthcoming year to ensure that the approach to implementation provides support to the Group's strategic objectives.

## BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

### STAKEHOLDERS

The Board is committed to building positive relationships with all stakeholders and recognises this is vital to building a sustainable business.

Multiple stakeholders are impacted by our business, including shareholders, employees, customers, partners and the communities and governments of the countries in which the Group operates. Further information is available on how the Group engages with all its stakeholders within the Strategic Report on page 44.

During the year, the Company undertook a number of stakeholder engagement initiatives (these are detailed within the Strategic Report on pages 44 and 45). In addition to the Group activities, the Board undertook the following stakeholder activities:

### SHAREHOLDERS

#### Investor Relations

The Board believes that having clear, open and transparent communications with the capital markets is an essential element of being a listed company. In order to achieve this, the Company has a designated investor relations function, which acts as the primary point of contact with the investment community and is responsible for both maintaining and enhancing Vivo Energy's relations with current and potential shareholders and the sell-side analyst community.

The Company has an extensive programme of telephonic and face-to-face engagement with institutions and in 2019 conducted investor roadshows and attended investor conferences across the United Kingdom, United States, South Africa, and Continental Europe. These engagements were undertaken by a combination of Executive Management and the Investor Relations function. The Company also utilises technology to engage with international investors and undertook a number of video conference calls to investors based outside of the United Kingdom.

In addition, local management teams in five of our operating units hosted investor visits during the year.

The engagements with capital markets stakeholders cover a broad range of topics, including, but not limited to, Company performance, capital allocation, Executive remuneration, Governance, sustainability, Company strategy and developments in our operating environments.

Investor Relations regularly presents to, and discusses developments in the capital markets, with the Board, as well as sharing sell-side research and investor feedback. Due to the importance that the Board places on communication with shareholders, arrangements can be made for major shareholders to meet with the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Senior Independent Director and the Independent Non-Executive Directors, as required.

#### Annual General Meeting (AGM)

The Company's second AGM will be held at 2.00 p.m. on 20 May 2020 at Freshfields Bruckhaus Deringer LLP, 28 Tudor Street, Temple, London, EC4Y 0BH, 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 following the meeting.

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.

### EMPLOYEES

Our people are central to us delivering against our strategic objectives and our vision to be Africa's most respected energy company. Our success is reliant on our culture and the Board is committed to ensuring that our workforce policies and practices are aligned with the purpose, values and culture of Vivo Energy. Further information on employee engagement programmes is set out in the Strategic Report on page 44.

## VISITS TO OUR LOCAL OPERATING UNITS

Visiting our local operating units allows the Directors to gain a better understanding and insight into particular issues faced by the operating unit and the business in general. In addition, these visits give the Directors a valuable opportunity to engage with our key stakeholders including employees, customers, and local communities from the local market. These visits are integral to the Board's assessment and monitoring of our culture.

During 2019, several individual visits to our operating units were undertaken by the Board to ensure that they continued to develop a breadth and depth of knowledge of our business. A crucial aspect of these visits was the opportunity to engage on an individual level with the operating units' Senior Management teams, which enabled the Directors to gain a better understanding of the challenges faced at a local level.

During the year, the following visits took place:

- In June Carol Arrowsmith visited our operating unit in Senegal
- In September Chris Rogers visited our Namibian operating unit
- In September both John Daly and Hixonia Nyasulu visited our business in Uganda
- In November Chris Rogers visited our operating unit in Ghana





## NAMIBIA

Chris Rogers visited our operating unit in Namibia where he was able to engage with Vivo Energy Namibia's Senior Management team and undertook visits to several retail sites and the Windhoek depot.

As part of this visit, Chris was also able to attend the launch event for the road safety campaign: Be Safe – it could hit closer to home than you think! As a key stakeholder in the energy and transportation sectors, Vivo Energy Namibia continuously aims to instil a proactive culture and awareness for the safety of motorists, their passengers and pedestrians. This launch session was a valuable opportunity for Chris to see first-hand the impact our operations have on the local communities in which we operate and is an example of the community investment programmes operated within the Group.



## UGANDA

John Daly and Hixonia Nyasulu visited Vivo Energy Uganda. As part of this visit the Directors attended a presentation event whereby Vivo Energy Uganda donated school materials and sanitary products worth 15 million Uganda Shillings to Kiswa primary school. At the function John and Hixonia met with local school children who would benefit from the donation, as well as local public officials. Education is one of Vivo Energy's priority areas for community investment and this enabled the Directors to engage with the local community and employees of the Ugandan business.

Another important part of the programme for this trip was the HSSE visits undertaken, including to the Kampala depot and several service stations. During these visits the Directors were given valuable insight into the HSSE culture of the business and the customer offering by Vivo Energy Uganda.



# 15M

Ugandan Shillings worth of school materials and sanitary towels donated to Kiswa primary school

# 13

Number of our retail and depot sites visited by our Non-Executive Directors



## SENEGAL

As part of Carol Arrowsmith's visit to our operating unit in Senegal she met with Franck Konan Yahaut, EVP West Africa and the Senior Management team of Vivo Energy Senegal, to better understand the local market and business.

As part of this visit, sessions were held at the local depot and service stations. These visits enabled Carol to engage directly with local employees and understand the opportunities, challenges and the HSSE culture of the business. In addition, the service station visits enabled Carol to experience the customer offering of the Senegal business which gave her a deeper appreciation of the customer experience.



## GHANA

Chris Rogers visited Vivo Energy Ghana, which afforded him the opportunity to meet the Senior Management team of the operating unit and to gain an insight into the businesses operations. In addition, Chris visited several service stations during the trip, which allowed him to gain a deeper appreciation of the customer experience.

In addition, Chris held meetings with the Group's Internal Audit team to discuss several key audits that Internal Audit were working on and Chris spent time with PwC Ghana. As Chair of the Audit and Risk Committee, these enabled Chris to develop a deeper understanding of the work and challenges faced by the Internal Audit function.



## BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

## BOARD OF DIRECTORS

# EXTENSIVE EXPERIENCE SUPPORTED BY VALUABLE SKILLS



**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. Prior to his time with BAT, John held various sales and marketing positions with Johnson & Johnson, Bristol-Myers Squibb, Pennwalt Corporation and Schering-Plough. Until May 2019, John was a non-executive director of G4S plc.

#### External Public Appointments

Britvic PLC – non-executive chairman  
Glanbia plc – non-executive director

#### Committee Membership



#### Nationality



**2 CHRISTIAN CHAMMAS**  
CHIEF EXECUTIVE OFFICER

APPOINTMENT DATE: 20 APRIL 2018<sup>1</sup>

#### 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. His last position at Total was as executive vice president for the MENA region in the downstream division.

#### External Public Appointments

None

#### Committee Membership

None

#### Nationality



**3 JOHAN DEPRAETERE**  
CHIEF FINANCIAL OFFICER

APPOINTMENT DATE: 20 APRIL 2018<sup>2</sup>

#### 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, legal, IT and procurement.

#### External Public Appointments

None

#### Committee Membership

None

#### Nationality



#### Committee membership key

- Audit and Risk Committee
- Nominations and Governance Committee
- Remuneration Committee
- Chair

#### Notes:

- 1 Prior to this he was Chief Executive Officer of the Group with effect from 2 January 2012.
- 2 Prior to this he was Chief Financial Officer of the Group with effect from 6 April 2012.
- 3 Previously a supervisory board member of Vivo Energy Holding B.V. (the former Group holding company).



**4 THEMBALIHLE HIXONIA NYASULU**  
SENIOR INDEPENDENT DIRECTOR  
APPOINTMENT DATE: 20 APRIL 2018

**Skills and Experience**

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 having held 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 Public Appointments**

Anglo American plc – non-executive director

**Committee Membership**

A N R

**Nationality**



**5 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. Carol is a fellow of the Chartered Institute of Personnel and Development.

**External Public Appointments**

Compass Group plc – non-executive director and chair of their remuneration committee

**Committee Membership**

A N R

**Nationality**



**6 CHRISTOPHER ROGERS**  
INDEPENDENT  
NON-EXECUTIVE DIRECTOR  
APPOINTMENT DATE: 22 APRIL 2018

**Skills and Experience**

Chris is a Chartered Accountant and has extensive financial and commercial experience. Chris was a director of Whitbread plc from 2005 to 2016 where he served as group finance director from 2005 to 2012 and 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. Previously he held senior roles in both finance and commercial functions in Comet Group plc and Kingfisher.

**External Public Appointments**

Travis Perkins Plc – senior independent director (It is intended that Chris will step down from Travis Perkins Plc at their AGM on 28 April 2020)  
Kerry Group plc – non-executive director  
Walker Greenbank PLC – non-executive director

**Committee Membership**

A N R

**Nationality**



**7 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 Public Appointments**

Mondelez International – president, Middle East and Africa  
Cadbury Nigeria Plc – non-executive director

**Committee Membership**

A N R

**Nationality**



**8 JAVED AHMED**  
NON-EXECUTIVE DIRECTOR  
(VITOL APPOINTED DIRECTOR)  
APPOINTMENT DATE: 12 MARCH 2018<sup>3</sup>

**Skills and Experience**

Javed joined Vitol in 2009 and leads 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.

**Other External Appointments**

Positions at a number of Vitol's portfolio companies, including Petrol Ofisi, VTTI, VPI Holding and OVH Energy

**Committee Membership**

N

**Nationality**



**9 TEMITOPE LAWANI**  
NON-EXECUTIVE DIRECTOR  
(HELIOS APPOINTED DIRECTOR)  
APPOINTMENT DATE: 16 MARCH 2018<sup>3</sup>

**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. Having began his career at the Walt Disney Company as an M&A and corporate development analyst, he went on to serve on the boards of various corporate enterprises. He is currently a member of the MIT Corporation, the MIT School of Engineering Dean's Advisory Council, the Harvard Law School's Dean's Advisory Board, and on the board of The END Fund.

**Other External Appointments**

Helios Towers plc – non-executive director  
Positions at a number of Helios' portfolio companies, including Mall for Africa, Zola Electric, OVH Energy and Axxela

**Committee Membership**

None

**Nationality**



## BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

## SENIOR EXECUTIVE TEAM



1 CHRISTIAN CHAMMAS



2 JOHAN DEPRAETERE



3 POLYCARP IGATHE



4 ERIC GOSSE



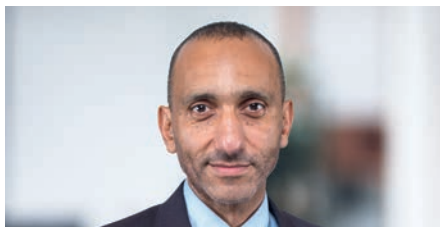
5 FRANCK KONAN-YAHAUT



6 HANS PAULSEN



7 HERMAN NIEUWOUTD



8 OMAR BENSON



9 NAOUFEL AISSA



10 REINETTE WESSELS



11 KEVIN MASSIE

**1 CHRISTIAN CHAMMAS**  
**CHIEF EXECUTIVE OFFICER**

See Christian's biography on page 74.

**2 JOHAN DEPRAETERE**  
**CHIEF FINANCIAL OFFICER**

See Johan's biography on page 74.

### 3 POLYCARP IGATHE EVP SALES AND MARKETING

Polycarp is the EVP Sales and Marketing for the Group, a role that he had held since September 2019. Previously he served as the chief commercial officer of Equity Bank Kenya, between May 2018 and September 2018 when he was later promoted to the managing director position.

In the 2017 Kenyan general election, he was elected as the second Deputy Governor of Nairobi County. Prior to this he served as Managing Director Vivo Energy Kenya.

#### Nationality



### 6 HANS PAULSEN EVP EAST AND SOUTHERN AFRICA

Hans is the EVP East and Southern Africa, a role he has held since 1 July 2019. Prior to his current role, Hans served as the Group Programme Manager leading the SAP implementation project for the Group. He joined Vivo Energy in 2013 as Managing Director Uganda.

Before joining Vivo Energy, Hans held senior management roles in the telecoms sector both in Uganda and Zambia. He also previously worked in the oil and gas industry with Royal Dutch Shell in Uganda and Kenya from 1997 to 2002.

#### Nationality



### 9 NAOUFEL AISSA VP LUBRICANTS & COMMERCIAL

Naoufel is the VP Lubricants & Commercial, a role 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



### 4 ERIC GOSSE EVP BUSINESS DEVELOPMENT, SUPPORT AND INDIAN OCEAN ISLANDS

Eric is the EVP, Business Development, Support and Indian Ocean Islands, a position he has held since 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



### 7 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



### 10 REINETTE WESSELS VP HUMAN RESOURCES

Reinette is the VP 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 28 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



### 5 FRANCK KONAN-YAHAUT EVP WEST AFRICA

Franck is the EVP West Africa, a position he has held since February 2019. He previously 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 from PwC, and following a number of years as finance manager in Guinea, Ghana and West Africa, he moved to West Africa Gas Pipeline Company in the Shell upstream business as general manager Finance and Administration.

#### Nationality



### 8 OMAR BENSON VP RETAIL, CR, QSR & ONFR

Omar held the VP Retail, CR, QSR and ONFR role from September 2018 until January 2020. He has now moved to a new senior role within Vivo Energy. Omar has held various other 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



### 11 KEVIN MASSIE GENERAL COUNSEL

Kevin is the Group General Counsel, a position he has held since November 2019. Kevin trained and qualified as a barrister and solicitor in Canada. Before joining the Group, he practised at Ashurst LLP and Tullow Oil plc where he served in a number of senior roles including Associate General Counsel and Group Company Secretary.

#### Nationality



## DIVISION OF RESPONSIBILITIES

### THE ROLE OF THE BOARD

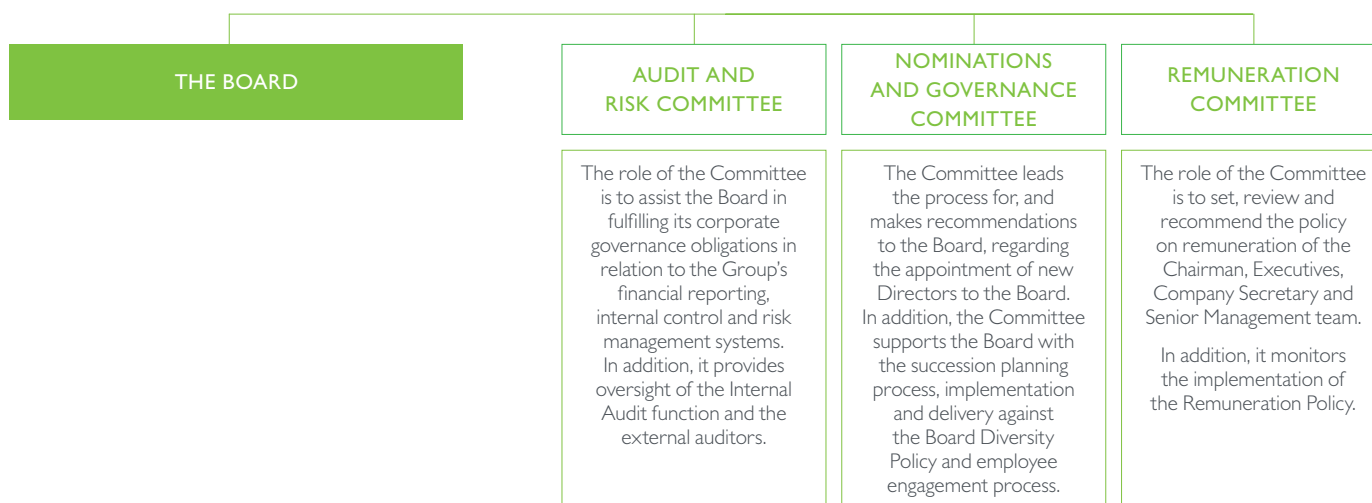
The Board is collectively responsible for the long-term success of the Group by setting strategic priorities for the business to ensure that the Group generates value for its shareholders. In particular it is responsible for maintaining effective risk management and internal control systems.

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.

During 2019, the Board Schedule of Reserved Matters was reviewed and refreshed to incorporate changes required by the 2018 Code. The Board's 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;
- Material corporate transactions;
- Assessing and monitoring the culture of the Group;
- Ensuring effective arrangements to engage with employees; and
- Ensuring effective whistle-blowing arrangements are in place.

### OUR GOVERNANCE STRUCTURE



### BOARD AND COMMITTEE ATTENDANCE

During 2019, the Board held five scheduled meetings. The following table shows the attendance of Directors at scheduled Board and Committee meetings during the year:

Board		Audit and Risk Committee	Nominations and Governance Committee	Remuneration Committee
John Daly <sup>1</sup>	5/5	2/2	1/1	4/4
Christian Chammas	5/5	–	–	–
Johan Depraetere	5/5	–	–	–
Hixonia Nyasulu	5/5	5/5	1/1	4/4
Javed Ahmed <sup>2</sup>	5/5	–	0/1	–
Temitope Lawani	5/5	–	–	–
Carol Arrowsmith	5/5	5/5	1/1	4/4
Christopher Rogers	5/5	5/5	1/1	4/4
Gawad Abaza <sup>3</sup>	5/5	4/5	1/1	4/4

#### 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.

<sup>1</sup> John Daly stepped down from the Audit and Risk Committee on 7 May 2019 to ensure compliance with the 2018 Code.

<sup>2</sup> Javed Ahmed was unable to attend the Nominations and Governance Committee meeting due to prior business engagements.

<sup>3</sup> Gawad Abaza was unable to attend one Audit and Risk Committee meeting due to illness.



## 2019 BOARD ACTIVITY

During the year the Board has considered all relevant matters within its remit, including the following:

### STRATEGY AND FINANCE

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>Continued the review of the Group's long-term strategy</li> <li>Approved the Company's plan for 2019-2024</li> <li>Reviewed and approved the 2020 budget</li> <li>Monitored progress of the Engen integration process</li> <li>Received regular updates on the ERP implementation</li> </ul> | <ul style="list-style-type: none"> <li>Reviewed and approved the interim and final dividend recommendations</li> <li>Reviewed and approved the preliminary and interim results announcements</li> <li>Approved the reappointment of the Group's external auditors</li> </ul> |
|---|--|

### PEOPLE AND CULTURE

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>Approved the Nominations and Governance Committee's recommendation for the appointment of Hixonia as Employee Engagement Champion (further details are available on page 71)</li> <li>Received a report from the VP HR on the output of the employee engagement survey undertaken at the end of 2018 and the actions being taken by the business following the survey</li> </ul> | <ul style="list-style-type: none"> <li>Approved the Group's refreshed purpose following recommendation from the Senior Executive Team (further details are available on page 48)</li> <li>Received Health &amp; Safety updates</li> <li>Approved the Company's Modern Slavery Statement</li> </ul> |
|---|--|

### GOVERNANCE, COMPLIANCE AND RISK

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>Reviewed and approved the 2018 Annual Report and Accounts and Notice of AGM</li> <li>Undertook an assessment of the effectiveness of the Group's risk management and internal controls framework, which concluded they remain effective</li> <li>Reviewed and approved the Schedule of Matters Reserved for the Board and the terms of reference to the Board Committees to ensure these are aligned with the 2018 Code</li> </ul> | <ul style="list-style-type: none"> <li>Received updates on the 2018 Code and its implementation</li> <li>Received regular Investor Relations reports and approved the appointment of a second corporate broker, Numis</li> <li>Considered the output of the 2019 Board Effectiveness Review</li> </ul> |
|---|--|

### STANDING AGENDA ITEMS

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>Received reports from the Chief Executive Officer</li> <li>Received reports from the Chief Financial Officer</li> <li>Received updates from the Board's Committees</li> </ul> | <ul style="list-style-type: none"> <li>Review and approval of the previous meeting minutes</li> <li>Status update on any matters outstanding from previous meetings</li> </ul> |
|--|--|

## DIVISION OF RESPONSIBILITIES CONTINUED

### THE BOARD'S COMMITTEES AND THEIR ROLE

The Board has established three principal Committees – the Audit and Risk Committee, the Nominations and Governance 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 Nominations and Governance Committee. The Board structure is set out on page 78.

The membership, roles and duties discharged during 2019 for each Committee is detailed in their respective Committee reports on pages 83 to 107.

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 is necessary or appropriate. The members of the Committee are the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Group Financial Controller, the General Counsel 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 Senior Executive Team that help them discharge their duties. The Senior Executive Team comprises the senior leadership team, who have management responsibility for the business operations and support functions. The Senior Executive Team is not a decision-making body, but an advisory forum to support the Executive Directors to discharge their role. The membership of the Senior Executive Team can be found on pages 76 and 77. The Senior Executive Team meets regularly in each financial year and relevant matters are reported to the Board by the Chief Executive Officer and, as appropriate, the Chief Financial Officer.

### DIRECTORS

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.

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 light of the 2018 Code requirement, the process for the approval of any additional external appointments for the Executive Directors or Independent Non-Executive Directors was updated during 2019. All such appointments are to be approved by the Board in advance of such appointments being accepted.

In July 2019, the Board approved Hixonia Nyasulu appointment to Anglo American plc. The Board felt that this appointment would enhance the skills mix of the Board as a whole and it was not considered to unduly affect Hixonia's time commitment to the Company. Following an internal review, it was confirmed that no conflict of interest would arise through this additional appointment.

As reported in the 2018 Governance Report, at the time of the IPO John Daly was appointed as a member of the Audit and Risk Committee. To ensure the Company complied with Provision 24 of the 2018 Code, John Daly stepped down as a member of the Audit and Risk Committee on 7 May 2019.

Further information on the skills and experience, Committee membership and other appointments of each Director can be found in their individual biographies on pages 74 and 75.

### INDEPENDENCE

With the exception of Javed Ahmed and Temitope Lawani, the Non-Executive Directors were considered to be independent on appointment and continue to be, in accordance with the criteria outlined within the 2018 Code and are considered free from any business interest, which could materially interfere with the exercise of their judgement. 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 AGM. All Independent Directors are appointed and reappointed by a dual vote, including the approval of shareholders excluding our major shareholders.

In accordance with the respective relationship agreements, should either of the two shareholder nominated Directors not be reappointed by a vote at the AGM, the respective shareholder would be entitled to nominate them for reappointment to the Board.

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 is maintained and records both Javed Ahmed's and Temitope Lawani's appointment on behalf of the Company's major shareholders. In addition, where a Director holds directorships or other similar appointments in companies or organisations not connected with the Company where no conflict of interest has been identified, such appointments are registered as potential conflicts and are 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.

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 Senior Executive Team.

### CHIEF FINANCIAL OFFICER

The Chief Financial Officer is responsible for providing strategic financial leadership of the Company as well as management of the finance and legal functions.

### 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 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 Company Secretary is a matter for the Board as a whole.

All Directors have access to the advice and services of both the Group General Counsel and the 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 during the year to 31 December 2019.

## COMPOSITION, SUCCESSION AND EVALUATION

### BOARD AND COMMITTEE EFFECTIVENESS REVIEW

In line with current best practice and the 2018 Code, the Board undertakes an annual formal evaluation of its performance and effectiveness and that of the Chair, each Director and its Committees, with an external evaluation every three years.

This year, the Chairman, with the support of the Company Secretary, facilitated an internal evaluation of Board and Committee effectiveness.

#### The Board evaluation process

The 2019 process was undertaken in three stages:

##### STAGE 1

The Chairman and Company Secretary created a comprehensive questionnaire covering areas of best practice, areas of focus for the Company and the performance of the Board's Committees.

A complementary questionnaire was also issued covering the Chairman's performance.

##### STAGE 2

The Company Secretary created a report compiling all feedback and presenting conclusions on the effectiveness of the Board and its Committees. The report included recommendations for areas of focus in the forthcoming year.

The Senior Independent Director led the review of the Chairman's performance in consultation with the other Non-Executive Directors.

The Chairman met individually with each of the Directors to provide feedback on their individual performance.

##### STAGE 3

The Board reviewed the report and recommendations. The Chairman in conjunction with the Company Secretary will develop a plan of action to improve areas highlighted by the evaluation over the forthcoming year.

#### Findings

In line with the 2018 Code, the effectiveness review questionnaire included the following areas:

- Board composition and expertise;
- Risk management and internal control; and
- Succession planning.

The key findings from the effectiveness review were presented to the Board which were discussed and actions for the forthcoming year were agreed.

The conclusions of the 2019 effectiveness review have been positive and confirmed that the Board, its Committees and the Chairman operate effectively and that each Director contributes to the overall effectiveness and success of the Group. The Board confirms that all Directors continue to be effective and demonstrate a commitment to their roles and the boardroom culture was found to be effective and conducive in creating a positive environment for participation and challenge by the Non-Executive Directors.

The review identified some opportunities for the Board to further improve its effectiveness over the next year, which included:

- Additional focus on the Group's culture;
- Increased attention on internal talent and succession;
- Continued focus on key emerging and existing risks and the control environment; and
- Continuing the programme of Board visits to the Group's Operating Units, to ensure the Board has a deep understanding of all key stakeholders of the Group.

These key areas would inform the development of the Board's objectives for 2020.

# NOMINATIONS AND GOVERNANCE COMMITTEE REPORT



**COMMITTEE CHAIR**  
JOHN DALY

Building a diverse organisation to ensure the business has the right talent to deliver against the Group's strategy



## ROLE OF THE COMMITTEE

The Board has delegated oversight of the leadership needs and succession planning for the Board to the Nominations and Governance Committee, to ensure the Group has the best talent to perform with a diverse pipeline of talent. In addition, the Committee supports the Board with the implementation and delivery against the Board Diversity Policy and employee engagement process.

## MEMBERSHIP

All members of the Committee are Non-Executive Directors as defined by the 2018 Code. Biographies of all members can be found on pages 74 and 75.

### Committee members

- John Daly – Chair
- Hixonia Nyasulu
- Carol Arrowsmith
- Christopher Rogers
- Gawad Abaza
- Javed Ahmed

## MEETINGS

During the year the Committee held one meeting and addressed the following matters:

- Approved and recommended to the Board updated terms of reference and the Board Diversity Policy;
- Recommended to the Board that the Committee's scope be expanded;
- Recommended to the Board that the Committee's name be changed to reflect its expanded remit; and
- Reviewed and recommended to the Board the appointment of Hixonia Nyasulu as the Board's Employee Engagement Champion. Meeting attendance can be found on page 78.

## COMMITTEE EFFECTIVENESS

The results from the Committee effectiveness review undertaken during 2019, were positive and responses evidenced that the Committee is operating effectively.

## COMPOSITION OF THE BOARD

During the year, the Board membership comprised a Non-Executive Chairman, two Executive Directors, two Non-Executive Directors and four 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.

## BOARD APPOINTMENTS

All Board appointments are subject to a formal, rigorous and transparent process which supports the development of a diverse pipeline of talent. No new appointments were made during the year.

## SUCCESSION PLANNING

During 2019, the Directors discussed Board succession. However, due to the short time since the Company had listed, the Committee did not formally review the succession plans of Senior Management.

The Committee recognises that Board and Senior Management succession planning is critical to ensuring a diverse pipeline and meeting the business's future skill requirements to deliver our strategic objectives and our vision of becoming Africa's most respected energy company. Further information on the Group's activities to maintain the talent pipeline can be found on pages 50 and 51. The Committee will review succession planning and how the Group develops the diverse talent pipeline during 2020.

## DIVERSITY

Diversity is one of the key talent principles in Vivo Energy. The Company believes that ensuring a diverse pipeline of talent, from all backgrounds and with varied experiences within the countries we operate in, gives us a competitive advantage.

As at 31 December 2019, 22% of the Board were women and 44% of the Board were from an ethnic minority background. Vivo Energy's Board comprises Directors from the UK, France, Ireland, Egypt, Belgium, Nigeria and South Africa, with a wide range of backgrounds and expertise. The Committee is committed to ensuring and promoting a diverse mix of skills, backgrounds and nationalities on the Board.

During 2019, the Committee recommended to the Board that it adopt a Board Diversity Policy which sets out the Board's ambitions in respect of Diversity. The Board recognises the value of having a diverse mix of individuals comprising a range of ethnicity, age, skills and education, thought and gender. The Board promotes diversity in its broadest sense, whilst recognising the importance of maintaining an appropriate sized Board. All Board appointments are made on merit, by assessing candidates against measurable objective criteria.

The Committee is responsible for the implementation and delivery of the Policy, on behalf of the Board. This includes:

- Considering all aspects of diversity when reviewing the composition of the Board, including ethnicity and gender; but also any other characteristics that may help achieve the Group's strategy.
- Endeavouring to continue to meet the recommendations of the Parker Review by having at least one Director on the Board from an ethnic minority background.
- Endeavouring to achieve at least one-third female representation on the Board, in line with the Hampton-Alexander Review recommendations. The Board recognises that there may be periods when this may not be achieved, however, it is our longer-term intention to reach this goal.

The Committee recognises that diversity extends beyond the Boardroom and supports management in its efforts to build a diverse organisation to ensure the business has the right talent to deliver against the Group's strategy. Further information on the Group's gender balance can be located on page 51.

**JOHN DALY**  
COMMITTEE CHAIR

3 MARCH 2020

## AUDIT, RISK AND CONTROL

# AUDIT AND RISK COMMITTEE REPORT



**COMMITTEE CHAIR**  
CHRISTOPHER ROGERS

Based on the constantly changing economic environment we believe it is important that, as a public company, we ensure all our stakeholders have confidence in our financial reporting and risk management processes.



## ROLES AND RESPONSIBILITIES OF THE COMMITTEE

The role of the Audit and Risk Committee ('Committee') is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring the:

- Integrity of the financial and narrative statements of the Company;
- Group's system of internal controls, risk management and internal financial controls;
- Effectiveness of the Internal Audit function;
- Relationship with external auditors, including reviewing the independence, objectivity and effectiveness of the audit process, taking account of relevant professional, regulatory and ethical guidance; and
- Processes for compliance with laws, regulations and ethical codes of conduct.

The Committee operates under formal terms of reference in which its responsibilities are outlined. The terms of reference are reviewed on an annual basis and approved by the Board. Amendments made to the Committee's terms of reference in 2019 can be found on the Group's website: [www.vivoenergy.com](http://www.vivoenergy.com).

This year the Committee placed particular focus on the following key areas:

- Accounting for Engen in accordance with IFRS 3 'Business combinations';
- Implementation, cost capitalisation and information technology general controls of SAP S/4HANA, the Group's new ERP system;
- Monitoring the integration progress of the acquired Engen entities; and
- Recoverability risk assessment of other government receivables.

Further details on these key areas can be found under accounting judgements and estimates.

## STRUCTURE AND OPERATIONS OF THE COMMITTEE

In May 2019, John Daly stepped down from the Committee to ensure its compliance with the 2018 Code. All members of the Committee are Independent Non-Executive Directors. The Committee has 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. The biographies of all Committee members can be found on page 74 and 75.

During 2019, the Committee held five scheduled meetings. Details of attendance by members at Committee meetings can be found on page 78. The Committee Chairman extended Committee meeting invitations to the Chief Executive Officer and Chief Financial Officer, Company Secretary, General Counsel, Group Financial Controller and Head of Internal Audit during the year, which were accepted by all parties. The external auditor was invited and attended all meetings.

The Committee meets regularly with the external auditors and the Head of Internal Audit in private to discuss any issues which may have arisen.

Provided Vitol and Helios hold the right to nominate a Director of the Board, an observer from each shareholder may attend the Committee meetings. The Committee Chair reports on the events of the Committee meetings at each Board meeting. The report sets out the activities of the Committee including the recommendations and matters of particular relevance. The Board reviews and discusses key matters of the Committee meetings at the Board meetings. All recommendations set forth by the Committee, to the Board, in 2019 were accepted.

## COMMITTEE ACTIVITIES

### FINANCIAL DISCLOSURE

The Committee reviewed the half-year and annual financial statements published for the 2019 financial year. 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 existing and new accounting policies and judgements. The Committee concluded the accounting policies, judgements and estimates are appropriate and balanced.

The Committee considered the Group's statements on going concern and long-term viability to be appropriate. The Committee reviewed reports to support the going concern assumption and long-term viability of the Group. Based on the risk assessment report compiled by the Internal Audit function, the Committee reviewed the principal risks and their impacts. Further details on these areas can be found on pages 60 to 65 in the Strategic Report. The Committee is satisfied that the Annual Report clearly depicts the Group's strategy, business model, financial performance and positions.

The Committee endorsed the Annual Report and assessed it to be fair, balanced and understandable to shareholders. In making these assessments the Committee reviewed disclosures, discussed the requirements with senior management and inspected representations made to the auditors. Based on the Committee's endorsement a recommendation to the Board was made.

Following the review of the report as a whole, the Board confirmed the assessment and approved the publication of the 2019 Annual Report.

The Financial Reporting Council UK (FRC) performed a review of the Group's 2018 Annual Report and provided a letter requesting additional information, and comments on the financial statement disclosures. The Group provided a response to the FRC with the information required.

The comments from the FRC have been used to enhance the financial statement disclosures in the 2019 Annual Report. The FRC's role is not to verify or provide assurance that the 2018 Annual Report and Accounts are materially correct in all aspects, but to consider

compliance with reporting requirements. The FRC accepts no liability for reliance placed on their letter by the Company or any third party, including but not limited to investors and shareholders. The Group has since closed the review with the FRC.

Other disclosure and activities reviewed by the Committee comprised:

- The accounting impact of IAS 29 'Financial reporting in hyperinflationary economies' in Zimbabwe and other accounting considerations;

- Assessment of the Group's ongoing legal cases and regulatory investigations;
- Impairment assessment of goodwill recognised from the acquisition of Engen; and
- Review of the ethics and compliance reports including updates to the GDPR policies, labour broker and retail compliance statements and improvements of the KYC process.

## ACCOUNTING ESTIMATES AND JUDGEMENTS

Areas of significant judgement and estimates considered by the Committee in 2019 included:

Key judgements and estimates	Committee actions	Conclusions
<b>BUSINESS COMBINATION</b>		
A purchase price allocation exercise was performed to account for the acquisition of Engen International Holdings (Mauritius) Limited in accordance with IFRS 3. The exercise included the determination of the fair value adjustments of the acquired assets and liabilities.	Reviewed the business combination memorandum outlining the purchase price allocation methodology, in accordance with IFRS 3, including all assumptions and estimates made by management.	The Committee assessed and agreed with the reasonability of the assumptions and estimates made during the purchase price allocation exercise, including the fair value adjustments. Further information on the business combination can be found in note 11 of the consolidated financial statements.
<b>GOODWILL IMPAIRMENT ASSESSMENT</b>		
Goodwill recognised from the acquisition of Engen International Holdings (Mauritius) Limited is subject to impairment testing.  Key judgement areas surrounding the impairment assessment include the determination of the cash generating units (CGU) and assumptions used in the calculation of the recoverable amount of the CGU (including cash flow projections based on financial plans).	The Committee assessed the following aspects of the goodwill impairment test: – The CGU level at which goodwill will be monitored. – Assumptions in relation to terminal growth in the businesses at the end of the five-year plan cycle period. – The use of fair value less cost of disposal to determine the recoverable amount.  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 the goodwill is not impaired. Further information on the impairment of goodwill can be found in note 4 of the consolidated financial statements.
<b>OTHER GOVERNMENT BENEFITS RECEIVABLES</b>		
Other government receivables are subsidies received from national governments for fuel sold as part of the Group's ordinary course of business.	The assessment of recoverability risk related to other government benefits receivables was considered by the Committee.	Based on the assessment, the Committee concluded that the receivables were properly stated and the level of provisioning was appropriate.
<b>SAP S/4HANA NEW ERP SOFTWARE</b>		
The implementation of SAP S/4HANA, the Group's new ERP system, has been completed in 15 countries in which we operate.	Monitored the implementation project progress.  Reviewed the accounting policy on internally generated software projects including consideration of the economic useful life.  Considered the design configurations, customisations and security set-ups of SAP S/4HANA as well as the internal controls related to the new ERP system.	The Committee acknowledged that strong change management and control processes were maintained throughout the project implementation.  The Committee confirmed that the related accounting policy and economic useful life complied with IAS 38 Intangible assets.  The Committee believes that the system landscape in relation to SAP S/4HANA is reliable.
<b>TAX POSITIONS</b>		
Determining the Group's income and other tax positions requires interpretation of the tax laws in numerous jurisdictions. Resolution of uncertain tax positions can take several years to complete and can be difficult to predict. Therefore, judgement is required to determine the Group's income tax liability related to uncertain tax positions.	Considered the appropriateness of the key judgements and estimates in relation to the uncertain tax positions.	The Committee concluded that the related tax positions are appropriate. Further information on the tax positions can be found in note 4 of the consolidated financial statements.

## AUDIT, RISK AND CONTROL CONTINUED

### INTERNAL CONTROLS AND RISK MANAGEMENT

The Committee is tasked with the responsibility of reviewing and assessing risks, their impact and ensuring that appropriate controls are designed and implemented to mitigate these risks. The Group's risk assessment process and the way in which significant business risks are managed remains a key area of focus for the Committee and the Internal Audit and Internal Controls functions.

In 2019, we continued to embed our risk management and governance structure across the Group. This structure, which covers the regular ongoing identification, assessment, mitigation and management of risks is monitored regularly by the Committee. The risk register, introduced in 2018, is one of its key components. The areas of focus include financial, operational, compliance, reputation and strategic risk factors and address both current and emerging risks. Through this process the Group's principal key risks were identified.

The Committee further reviewed the internal controls of the business as a whole. The internal control framework is intended to manage rather than eliminate the risk of failure to achieve the business objectives and can only provide reasonable and not absolute assurance against material misstatement.

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 60 to 64.

The Committee completed its review of the effectiveness of the Group's system of internal controls and risk management. The review covered the full year up to the date of this Annual Report. No significant weaknesses or instances of significant control failure were identified during the year. Given the robust processes 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

During the year the Committee reviewed and approved the internal audit plan and the progress of audits performed. The Committee was updated regularly on the actions taken and status of the audit recommendations. Internal audit findings including remedial action plans were presented and discussed in detail with the Committee. There is continuous communication between the Head of Internal Audit and the Chair of the Committee to ensure that all the information required by the Committee to perform its duties are made available.

An External Quality Assessment (EQA) of the Internal Audit function concluded the function was appropriately resourced, established and respected and demonstrating very good practice in key aspects of the audit approach. The assessment was carried out in 2017 and 2018. The remedial actions identified as a result of the assessment were completed by the Internal Audit function in early 2019. Furthermore the function was in compliance with the IIA (Institute of Internal Auditors) standards. All improvement recommendations resulting from the EQA have been fully implemented by the Internal Audit function. In 2020 we will be undertaking a further EQA and, in light of the Engen acquisition the Committee has asked for a review on the level of resources in the Internal Audit function.

In relation to the resource requirement of the function, the Committee considers the experience and expertise of the function appropriate to address all categories of risk within the business. The function's performance is assessed against the approved internal audit plan. The Committee concluded that the Internal Audit function was effective for the year and the Committee is satisfied that the scope, extent and effectiveness of internal audit activities were appropriate.

### EXTERNAL AUDIT

#### INDEPENDENCE

The Committee reviewed the 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.

External auditors are restricted from providing non-audit services which are prohibited by the Financial Reporting Council (FRC) Revised Ethical Standard 2016. The Committee assesses the independence of the external auditor on an ongoing basis. Any approved non-audit services with fees exceeding the threshold set to identify trivial services 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.

#### AUDIT FEES

On an annual basis, the Committee reviews the audit fees, resourcing and terms of the engagement. On a quarterly basis, the Committee reviews the non-audit services provided by the auditor.

The Committee is responsible for overseeing the process of approving all non-audit services provided by the external auditor. In doing so, it ensures the objectivity and independence of the auditor is safeguarded. Prior to approval, consideration is given to whether it is in the interest of the Company that the services are purchased from PwC instead of another supplier. For the 2019 financial year, the total amount paid to PwC for non-audit services does not represent a significant portion of their total revenues.

In 2019, the Group incurred total fees of \$3.9 million (2018: \$4.8 million) to PwC. Of this total, \$3 million (2018: \$1.7 million) related to audit work and \$0.9 million (2018: \$3.1 million) related to audit-related and non-audit services. Audit fees are disclosed in note 7 of the consolidated financial statements.



## APPOINTMENT AND EFFECTIVENESS

The Committee is tasked with the primary responsibility of overseeing the work performed by, and the relationship with, the Group's external auditors. Oversight by the Committee includes, but is not limited, to making the recommendation on the appointment, reappointment and removal of the external auditor, assessing their independence on an ongoing basis, involvement in fee negotiations, approving the statutory audit fee, the scope of the statutory audit and appointment of the lead audit engagement partner.

PwC was appointed as external auditors of the Group since listing on the London Stock Exchange in 2018. In accordance with current professional standards, Nicholas Stevenson the lead audit partner, will be subject to the mandatory partner rotation every five years.

During the year, the external auditor had presented the 2019 financial audit plan. The audit plan included the proposed audit scope as well as the assessment of key audit risks. The scope of the audit was assessed and reviewed by the Committee to be appropriate.

The FRC's Audit Quality Review team selected to review the PwC 2018 audit file of the Group's financial statements as part of their 2018 annual inspection of audit firms. The focus of such a review is on identifying areas where improvements are required rather than highlighting areas performed to or above the expected level. The Committee received a report of the findings of the FRC's Audit Quality Review team as well as a report from PwC setting out how they plan to address the matters raised by the Audit Quality Review team in their 2019 audit. Following a review and consideration of the FRC report, including a discussion with PwC on their report, the Committee is satisfied that there is nothing material in the report which might have a bearing on PwC continuing as auditors to the Group.

The Committee considered PwC's audit quality, cost and independence and remained satisfied with each of these elements. The Committee was also satisfied with the execution of the 2019 audit and believes it was conducted with the required level of skills and expertise. Based on their assessment, the Committee recommendation to reappoint PwC as the Group's external auditor in 2019 was accepted at the Annual General Meeting held on 7 May 2019. The Committee further recommended to the Board that PwC be reappointed by shareholders at the Annual General Meeting on 20 May 2020.

A re-tender of the external audit, by the Committee shall be in accordance with the Financial Reporting Council guidance. The tender process for audit-related engagements is 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.

## COMMITTEE EFFECTIVENESS

Each year the Board will undertake an evaluation of the performance of the Audit and Risk Committee. This provides an opportunity to identify efficiencies, maximise strengths and highlight areas for further development. 2019 was the first full year in which the Committee was operating and the first full year review. Overall feedback provided by the Board was positive and the Committee is considered to be functioning effectively in meeting its objectives.

## CHRISTOPHER ROGERS COMMITTEE CHAIR

3 MARCH 2020

## 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 Directors' Remuneration Report (DRR) for the 2019 financial year.

Our first Remuneration Policy for Directors was put to shareholders for approval at the AGM in 2019. The Policy built on the review of remuneration which had taken place prior to the IPO and looked to ensure that the historically strong pay for performance ethos was maintained whilst incorporating best practice and complying with the Corporate Governance Code.

During 2018 and into 2019, we engaged actively with our major shareholders and the leading investor bodies to ensure that their feedback could be taken into account before our Policy was finalised. We very much appreciated the feedback and guidance we received, and we were delighted to have such a high vote in favour for both our Policy and the Annual Report on Remuneration.

The Committee continues to engage with shareholders concerning remuneration matters and receives feedback on an ongoing basis from the Company's two major shareholders, as their representative Non-Executive Directors are invited to attend Remuneration Committee meetings.

### REMUNERATION POLICY FOR EXECUTIVES

Our Policy provides remuneration intended to attract and retain performance orientated individuals of the right calibre to take our business forward. It is a simple structure based on a number of key principles:

- 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, consistent with the Company's purpose, values and strategy;
- the pay framework will be set with reference to best practice in relevant markets;
- good corporate governance, health and safety and risk management practice, which underpins our business; and
- the pay philosophy and remuneration for the wider employee population will be considered when making decisions on remuneration for senior executives.

The Committee is very aware of the further changes there have been in the regulation and oversight of executive remuneration during the last year. Although our Policy was approved prior to the regulations coming into force, we sought at the time to ensure that our Policy was reflective of the new regulations.

During the last year, we have continued to review our Policy and its implementation to ensure that it continues to meet the requirements.

### REWARDING PERFORMANCE IN 2019

In reaching its decisions on both rewarding performance in 2019 and setting remuneration for 2020, the Committee has adhered to the principles of simplicity, transparency, proportionality and the linkage of pay to performance.

As well as integrating the Engen businesses, the new ERP system was implemented across the Shell-branded markets. 2019 also saw a strong operational performance, with margin exceeded, planned volumes met and a strong cash performance. Delivery of these two major projects without business disruption demonstrates the strength of the leadership in the business. Our standards were not compromised either, with an outstanding HSSE performance and high employee engagement scores across the business.

For 2019, and as we had indicated last year, gross cash profit was introduced as a financial performance measure in the annual bonus in addition to adjusted EBITDA. Adjusted EBITDA, weighted at 40% remains a key financial performance measure, with the delivery of profitable growth a prime component of our strategy. The inclusion of gross cash profit, weighted at 30%, reflects the importance of cash generation within our strategy. The remaining 30% of the bonus is weighted against key strategic and individual objectives to ensure a continued focus on the quality of how we do business.

The financial performance elements of the bonus delivered outcomes of just over 60% of their maximum, recognising the strong operational performance of the business. We carefully considered the performance and delivery for both Christian and Johan against their strategic and individual objectives and we assessed that there had been a very high level of achievement, in particular the delivery of the Engen integration and the implementation of the ERP solution (more detail can be found on pages 94 and 95 of this report). The Committee consequently agreed that this element of the bonus would pay out in full. Overall this resulted in a bonus payout for 2019 of 73% of the maximum opportunity. The Committee believes that this is appropriate given the overall level of business performance.

The Committee also reviewed and approved the vesting level of the first tranche of the IPO Share Awards. These were legacy awards granted as part of the IPO process to ensure a measured transition. The second and third tranches of these awards will vest in 2020 and 2021 respectively. These legacy awards were agreed prior to the IPO, and were detailed in the Admission prospectus. No further awards will be made under this plan.

During the year, the Committee also approved awards under the Company's Long-Term Incentive Plan (LTIP). As with the 2018 awards, the 2019 awards were based on the strategic performance measures of EPS, ROACE and TSR. These awards may vest in 2022, subject to the achievement of the relevant targets, following the announcement of the financial results for 2021. Normally, any shares resulting from the vesting of these awards must be held for a further two years post vesting.

The first LTIP award, granted after the IPO in 2018, will be performance tested at the end of 2020 and deferred for a two-year period.

## REMUNERATION FOR 2020

In line with our Policy, the Committee has made the following decisions with respect to remuneration for the Executive Directors in 2020:

- Base pay – the base salaries for the Executive Directors will remain unchanged for 2020. Base salaries have now remained unchanged since the IPO in May 2018.
- Annual bonus 2020 – 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. We have retained the same financial measures as for 2019, with Adjusted EBITDA and gross cash profit, weighted 40% and 30% respectively. We believe that this provides a good balance between top-line growth and bottom-line delivery. Details of the targets will be disclosed retrospectively in next year's report as they are commercially sensitive.
- LTIP 2020 – The maximum award levels and performance criteria remain unchanged from the prior year for the 2020 awards. The awards will be made shortly after the announcement of the full year results. Full details of the targets are disclosed in the Annual Report on Remuneration.

## REMUNERATION POLICY FOR WIDER WORKFORCE

Our strong pay for performance ethos runs across the entire organisation, from the CEO to every employee in the Group. This is underpinned by a relentless focus on HSSE performance and good business practice. The Committee continues to endorse this approach to remuneration and supports the Executive Directors and senior executives in ensuring this remains in place.

Although the Committee did not directly engage with employees regarding the detail of the policy, consistent principles regarding pay are applied across the organisation. Further details on the Board's approach to engagement with employees is set out on page 44. However, we are not required to include a CEO pay ratio as we employ less than 250 people in the UK.

Our UK employees represent less than 1% of our total workforce. The Committee receives various briefings during the year on how pay and reward practices are operating, has oversight of the budget, its distribution for annual pay increases and how incentive plans are assessed and payouts determined.

## PRIORITIES FOR 2020

In the coming year, the Committee will:

- Continue to review the remuneration policies of the wider workforce to ensure that our approach to executive and senior management remuneration is aligned to the policy and market practice.
- Review any feedback that comes through from our engagement with the wider workforce on remuneration and respond accordingly.
- Approve the vesting level of the second tranche of IPO Share Awards.
- Remain informed of ongoing market developments and changes in corporate governance to ensure that our arrangements remain relevant to the Company's goals, congruent with shareholder interests and reflect the best practice principles in an appropriate form.

The voting outcomes from the 2019 AGM on both the Remuneration Policy and the Annual Report on Remuneration are shown on the table below. This Remuneration Report will be put to an advisory vote for shareholders at the 2020 AGM on 20 May 2020.

I hope we can continue to enjoy the support of our shareholders on our approach to remuneration.

## CAROL ARROWSMITH COMMITTEE CHAIR

3 MARCH 2020

## SHAREHOLDER VOTE AT 2019 AGM

At the 2019 AGM, shareholders voted on the Remuneration Policy, which applies until 2022, and the 2018 Annual Remuneration Report. The table below shows the voting outcome.

	Number of votes 'For'	% of votes cast	Number of votes 'Against'	% of votes cast	Total number of votes cast	Number of votes 'Withheld'
Remuneration Policy	1,120,880,170	99.84%	1,785,050	0.16%	1,122,665,220	1,000
Annual Remuneration Report	1,120,608,683	99.82%	2,056,537	0.18%	1,122,665,220	1,000

DIRECTORS' REMUNERATION REPORT CONTINUED

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 business;
- 4 To pursue value-accretive 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

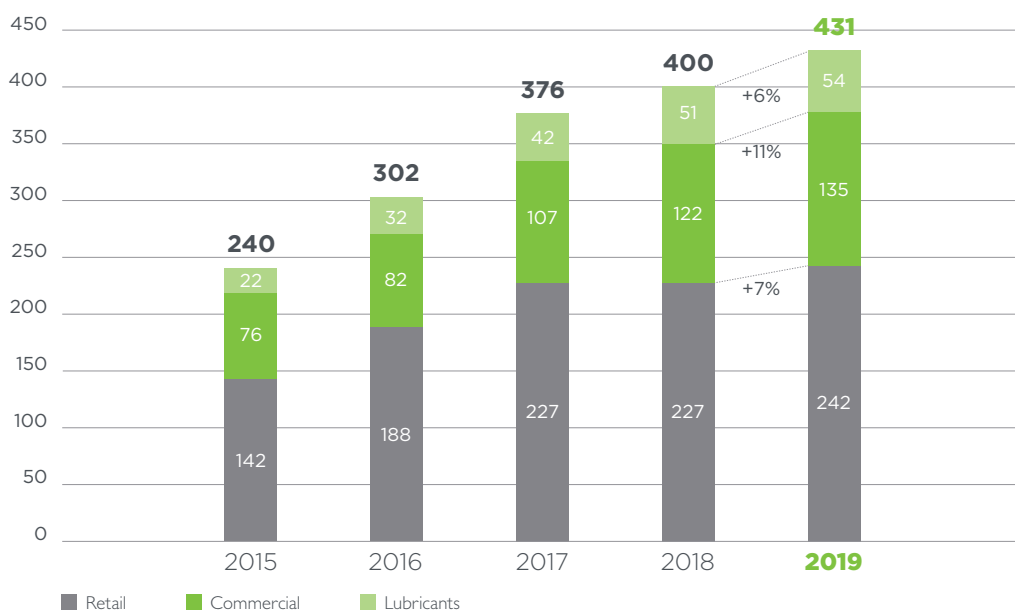
Reflect our values – notably on risk, HSSE and good business practice

Reward for execution of strategy and align pay with shareholders' interests

Commitment to openness and transparency

DELIVERED ANOTHER YEAR OF ADJUSTED EBITDA GROWTH

ADJUSTED EBITDA  
US\$ million



KPIs

VOLUME GROWTH

**+11%**

ADJUSTED EBITDA

**+8%**

NET INCOME

**+3%**

## REMUNERATION FOR EXECUTIVE DIRECTORS IN 2020

PAY ELEMENT	APPROACH	REMUNERATION FOR 2020																								
<b>BASE SALARY</b>	Fixed pay levels set at competitive levels with role-appropriate benefits	No changes to base salaries: – CEO: £640,000 – CFO: £450,000																								
<b>BENEFITS</b>		Base salaries unchanged since IPO Benefits package includes private medical care cover and life assurance Pensions capped at 10% of salary																								
<b>ANNUAL BONUS</b>	Incentive linked to short-term targets	Maximum opportunity unchanged at: – CEO: 200% of salary – CFO: 150% of salary  Performance targets remain weighted at 70% on financial performance and 30% on non-financial performance – Adjusted EBITDA 40% – Gross cash profit 30% – Strategic goals 30%  50% of any bonus achieved will be deferred in shares until the Executive Director has achieved their shareholding requirement																								
<b>LTIP</b>	Incentive linked to long-term priorities	Maximum opportunity unchanged at: – CEO: 250% of salary – CFO: 200% of salary  Performance will be measured over a three-year period from 1 January 2020 to 31 December 2022. Awards will also be subject to a two-year holding period  <table border="1"> <thead> <tr> <th>2020 awards</th> <th>Weighting</th> <th>NIL</th> <th>20% of element vests</th> <th>50% of element vests</th> <th>100% of element vests</th> </tr> </thead> <tbody> <tr> <td>EPS</td> <td>40%</td> <td>Less than 6%</td> <td>6% per annum</td> <td>8% per annum</td> <td>12% per annum</td> </tr> <tr> <td>ROACE</td> <td>40%</td> <td>Less than 16%</td> <td>16%</td> <td>18%</td> <td>20%</td> </tr> <tr> <td>Relative TSR v. FTSE 350 (excluding financial services)</td> <td>20%</td> <td>Below Median</td> <td>Median</td> <td>–</td> <td>Upper-quartile</td> </tr> </tbody> </table>	2020 awards	Weighting	NIL	20% of element vests	50% of element vests	100% of element vests	EPS	40%	Less than 6%	6% per annum	8% per annum	12% per annum	ROACE	40%	Less than 16%	16%	18%	20%	Relative TSR v. FTSE 350 (excluding financial services)	20%	Below Median	Median	–	Upper-quartile
2020 awards	Weighting	NIL	20% of element vests	50% of element vests	100% of element vests																					
EPS	40%	Less than 6%	6% per annum	8% per annum	12% per annum																					
ROACE	40%	Less than 16%	16%	18%	20%																					
Relative TSR v. FTSE 350 (excluding financial services)	20%	Below Median	Median	–	Upper-quartile																					

### ADDITIONAL SAFEGUARDS

### SHAREHOLDING

Both Directors have very significant shareholding in the Company. Shareholding guidelines apply for two years after stepping down from the Board.

### DISCRETION AND JUDGEMENT

A key feature of the Directors' Remuneration Policy, to ensure pay reflects performance.

### MALUS AND CLAWBACK

Provisions in place to prevent payments for failure.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### 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.

#### MEMBERSHIP

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

##### Committee members

All members were appointed in May 2018, unless otherwise stated in their biographies on pages 74 and 75:

- Carol Arrowsmith – Chair
- John Daly
- Hixonia Nyasulu
- Christopher Rogers
- Gawad Abaza

#### MEETINGS

The Committee met four times during 2019. Details of attendance by members at Committee meetings can be found on page 78. The Committee normally invites the Chief Executive Officer, the Chief Financial Officer, the General Counsel, the Company Secretary and the Chief of Staff to attend appropriate elements of the scheduled meetings.

During the first half of 2019 the Committee engaged with shareholders on the development and, subsequently successful, acceptance of the Directors' Remuneration Policy. The second half of 2019 has been focused on developing a standard calendar and staying informed on the changes to the UK Corporate Governance Code and other regulatory changes.

#### ADVISERS TO THE REMUNERATION COMMITTEE

Deloitte LLP were appointed as independent advisers by the Committee in 2018 following a competitive tender process. 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 during 2019 amounted to £50,100. Fees are based on hours spent. Deloitte LLP in the UK do not provide any further services to the Company. Carol Arrowsmith was formally a partner at Deloitte LLP, retiring in May 2014. No other Directors have any connection with Deloitte LLP. The Committee is satisfied that the advice provided by Deloitte is independent.

## 2019 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 Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

### ANNUAL REPORT ON REMUNERATION

This section of the DRR 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 DRR will be subject to an advisory shareholder vote at the 2020 AGM. Sections of this report that are subject to audit, in line with disclosure regulations, have been flagged below.

## 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 2019.

The single figure disclosure for 2019 is on a full year basis. This is in contrast to the disclosure for 2018 which covered the period from Admission (10 May 2018) to 31 December 2018, consistent with the legislative requirements.

There are no LTIP awards vesting in the current financial year as the first awards under the LTIP were granted in August 2018 and will vest in 2021. The table includes details of the second tranche of the IPO Share Award which vests in May 2020. These have been included in the single figure for this year consistent with last year, but they do not form part of the forward-looking package. The third and final tranche of the IPO Share Award will vest next year, at the same time as the first LTIP award reaches its vesting date.

Full details of all legacy arrangements were set out in the Prospectus on Admission and in last year's Directors' Remuneration Report.

	Christian Chammas (£'000)		Johan Depraetere (£'000)	
	FY2019	FY2018 (part year)	FY2019	FY2018 (part year)
Salary <sup>1</sup>	640	423	450	299
Benefits <sup>1,2</sup>	5	4	5	7
Retirement benefits <sup>1,3</sup>	64	42	45	30
<b>Total Fixed Pay</b>	<b>709</b>	<b>469</b>	<b>500</b>	<b>336</b>
Annual bonus <sup>4</sup>	936	609	494	323
Long-Term Incentive Plan <sup>5</sup>	–	–	–	–
Legacy incentives: IPO Share Award <sup>6,7</sup>	468	492	329	346
<b>Total Variable Pay including Legacy Incentives</b>	<b>1,404</b>	<b>1,101</b>	<b>823</b>	<b>669</b>
<b>Total Pay</b>	<b>2,113</b>	<b>1,570</b>	<b>1,323</b>	<b>1,005</b>
Less Legacy Incentives	(468)	(492)	(329)	(346)
<b>Total: Less Legacy Incentives</b>	<b>1,645</b>	<b>1,078</b>	<b>994</b>	<b>659</b>

1 Base salaries, benefits and retirement benefits for 2018 are from 10 May 2018 to 31 December 2018.

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

3 The retirement benefits represent 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.

4 2018 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 were paid wholly in cash as the shareholding requirement has already been met.

5 No awards vested under the Long-Term Incentive Plan in 2018 or 2019, as the first awards under this plan were granted in 2018.

6 The second tranche of this legacy award will vest in May 2020. An estimated value of the second tranche of this award has been shown based on the average share price over the fourth quarter of 2019 (122 pence). The value of the first tranche, shown for 2018, has been restated based on the share price on the vesting date (123 pence).

7 IPO share awards were formally granted on 18 May 2018, when the share price was 174 pence. The value of the second tranche has therefore reduced by 30% since grant.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### ANNUAL BONUS – 2019

The Executive Directors' annual bonus targets for 2019 were set against a combination of financial and non-financial performance measures.

The measures for financial performance were adjusted EBITDA and gross cash profit weighted at 40% and 30% of the bonus opportunity respectively. The remaining 30% was based on a number of non-financial objectives.

Details of the performance targets and the outcomes are set out below.

### FINANCIAL PERFORMANCE – 70% OF THE AWARD

#### ADJUSTED EBITDA



#### GROSS CASH PROFIT



### STRATEGIC AND INDIVIDUAL OBJECTIVES – 30% OF THE AWARD

CHRISTIAN CHAMMAS		FINAL ACHIEVEMENT: 30%
Area	Focus	Outcome
Business Strategy	Delivery of the Strategic Business Review for the next phase of the business	Detailed plan approved by the Board by year-end, with the different strategy workstreams consolidated into a clear story line and structure, accompanied by measurable deliverables and benefits.
Engen	Successful delivery and integration of Engen	Engen business successfully integrated within planned timescales. Engen-branded operating units are already driving volume growth and delivering EBITDA above plan.
Infrastructure Development	Implementation of new ERP system across the business	All go live milestones met and business improvements realised, all with no business disruption and no impact on volumes. Leadership of CEO and CFO has been seen and noted as key to the delivery of the programme. Both SAP and IBM have endorsed the programme as outstanding.
Employee Engagement	Deliver on results and priorities from employee engagement survey	2019 actions delivered and ongoing plans for 2020 in progress. Key activities are grouped under career opportunities, managing performance, improving flow of information, escalating key issues and improving personal resilience. 90% of employees are happy to work for Vivo Energy and would recommend it as a company to work for.
HSSE	Demonstrate focus on and personal leadership of the HSSE agenda	An outstanding HSSE year. All performance measures of TRCF, spills and consequent lost volume (measured in tonnes) significantly exceeded in both Shell and Engen-branded OUs.
Human Capital	Lead the development of succession plans for the next levels of leadership	Strengthened and renewed executive leadership team with a mix of internal and external new appointments. Formal quarterly process now in place to review succession for all MDs, with central teams and other key talent being reviewed twice yearly. 18 new MDs appointed in 2019, of which two were external and eight as part of Engen integration.



## STRATEGIC AND INDIVIDUAL OBJECTIVES – 30% OF THE AWARD

JOHAN DEPRAETERE		FINAL ACHIEVEMENT: 30%
Area	Focus	Outcome
Business Strategy	Delivery of the Strategic Business Review for the next phase of the business	Detailed plan approved by the Board by year-end, with the different strategy workstreams consolidated into a clear story line and structure, accompanied by measurable deliverables and benefits.
Engen	Successful delivery and integration of Engen	Engen business successfully integrated within planned timescales. Engen-branded operating units are already driving volume growth and delivering EBITDA above plan. All controls, processes and reporting in place ahead of year-end ensuring a smooth production of year-end report and accounts.
Infrastructure Development	Support the delivery of the new ERP system across the business, with specific focus on Finance and IT	All go live milestones met and business improvements realised, all with no business disruption and no impact on volumes. Leadership of CEO and CFO has been seen and noted as key to the delivery of the programme. Business improvements include: <ul style="list-style-type: none"> <li>– Faster and more accurate stock reconciliation saving between 30%-50% of reconciliation time</li> <li>– Reduction of accounts reconciliation from a manual 1-2 week exercise to hours</li> <li>– Elimination of daily and monthly reviews by Finance and IT to determine the integrity of the trial balances</li> </ul>
Financial Management	Delivery of growth CAPEX programmes	Post CAPEX investment returns maintained for Retail and Commercial. Engen working capital reduced and cash flow increased.
Cost Management	Demonstrated leadership of cost-management programmes	First stage of programme delivered with full committed OPEX savings realised. Plan and objectives for second stage of programme approved by Board and integrated into deliverables and strategy for 2020.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### OVERALL OUTCOME

	Maximum Opportunity % of salary	Outcome	
		% of salary	£'000
<b>Christian Chammas</b> (maximum – 200% of salary)			
Adjusted EBITDA	80%	49%	315
Gross cash profit	60%	37%	237
Non-financial Objectives	60%	60%	384
<b>Total</b>	<b>200%</b>	146%	936
<b>Johan Depraetere</b> (maximum – 150% of salary)			
Adjusted EBITDA	60%	37%	166
Gross cash profit	45%	28%	125
Non-financial Objectives	45%	45%	203
<b>Total</b>	<b>150%</b>	110%	494

Both the financial performance elements of the bonus (adjusted EBITDA and gross cash profit) delivered outcomes above target. 30% of the bonus for 2019 was focused on a number of key strategic, operational and leadership priorities as described above. The Committee carefully considered the performance against these and assessed that there had been a significantly high level of achievement, notably in the areas the development of the future strategy, the integration of Engen, the implementation of a new ERP system, with no business disruption, and the outstanding HSSE results. Based on this assessment, the Committee determined that this element of the bonus should pay out at maximum. Taking the financial and non-financial performance together, the Committee is satisfied that a total bonus payout of 73% of the maximum opportunity is a fair reflection of the overall performance during the year.

### LONG-TERM INCENTIVE AWARDS (AUDITED)

#### CURRENT INCENTIVE PLANS – LTIP

No awards vested under the LTIP in 2019 and consequently no figure is shown in the single figure table on page 93.

#### LTIP AWARDS GRANTED IN 2019

Awards were made under the LTIP during 2019, on the same basis as for 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 2021 financial year. Awards to Executive Directors will also be subject to an additional two-year holding period.

The 2019 LTIP awards are subject to performance targets based on earnings per share (EPS), return on average 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 and management of capital within the business, which is a key strategic focus and aligns with shareholder value creation.

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

2019 Awards	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 12 March 2019:

Name	Number of Shares awarded	Face value at grant (£'000)	End of performance period
Christian Chammas	1,222,420	1,600	31 December 2021
Johan Depraetere	687,613	900	31 December 2021

Notes: The number of shares under award was based on a (five-day average) share price of 131 pence. For the 2019 year, awards to Christian Chammas represent 250% of base salary and awards to Johan Depraetere represent 200% of base salary.

#### LTIP AWARDS TO BE GRANTED IN 2020 (NOT AUDITED)

Awards will be made under the long-term incentive plan in 2020, following the announcement of the preliminary results for 2019. These awards will be granted in the form of nil cost options over Vivo Energy plc shares, with the number of shares that may vest conditional upon performance over a three-year period from 1 January 2020 to 31 December 2022. Awards to Executive Directors will also be subject to an additional two-year holding period.

The maximum level of award for 2020 will remain unchanged at 250% of base salary for the CEO and 200% for the CFO.

Awards will remain conditional on achievement of stretching performance targets based on EPS, ROACE and TSR as for the awards made in 2018 and 2019. The performance targets for the 2020 LTIP award are shown below:

2020 awards	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.

#### LEGACY INCENTIVES – IPO SHARE AWARDS (AUDITED)

As detailed in the Admission documents, it was agreed prior to IPO that one-off share awards would be granted to the Executive Directors and other senior executives (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. The number of shares was determined prior to Admission and the CEO and CFO were awarded a total number of shares of 1,197,860 and 842,245 respectively.

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

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 target is the maximum that can be achieved. Performance against target is calculated on a straight-line basis (expressed as a percentage and weighted 50% for each target) with the minimum being zero.

The first tranche vested in May 2019. The second tranche is based on performance to 31 December 2019 and will be eligible for vesting in May 2020. The performance targets for this tranche were gross cash profit of \$741.6 million and adjusted net income of \$175.4 million.

The Group delivered gross cash profit of \$743 million and adjusted net income of \$162 million, and therefore this tranche is expected to vest at 96% of maximum on the second 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 2020 based on the average share price over the fourth quarter of 2019 (122 pence). The third tranche will be based on performance to 31 December 2020. The targets for this final tranche will be disclosed on a retrospective basis in the 2020 Remuneration Report as they are deemed to be commercially sensitive.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### DETAILS OF LONG-TERM INCENTIVE AWARDS HELD BY EXECUTIVE DIRECTORS

#### LTIP

	Date of award	Share price at date of award	Option price	Number of options held as at 31 December 2018	Number of options awarded during the year	Number of options exercised during the year	Number of options lapsed during the year	End of performance period	Number of options held as at 31 December 2019
Christian Chammas	8 August 2018	148p	nil	1,081,081	–	–	–	31 December 2020	1,081,081
	12 March 2019	131p	nil		1,222,420	–	–	31 December 2021	1,222,420
Johan Depraetere	8 August 2018	148p	nil	608,108	–	–	–	31 December 2020	608,108
	12 March 2019	131p	nil		687,613	–	–	31 December 2021	687,613

#### IPO SHARE AWARD

	Date of award	Share price at date of award	Number of shares held as at 31 December 2018	Number of shares vesting during the year	Number of shares lapsed during the year	End of performance period	Number of shares held as at 31 December 2019
Christian Chammas	18 May 2018	174p	399,287	399,111	176	31 December 2018	–
	18 May 2018	174p	399,287	–	–	31 December 2019	399,287
	18 May 2018	174p	399,286	–	–	31 December 2020	399,286
Johan Depraetere	18 May 2018	174p	280,748	280,625	123	31 December 2018	–
	18 May 2018	174p	280,748	–	–	31 December 2019	280,748
	18 May 2018	174p	280,749	–	–	31 December 2020	280,749

## NON-EXECUTIVE DIRECTORS

The fees for the Chairman and Non-Executive Directors will be reviewed later in 2020, but currently remain unchanged since Admission in 2018. The fee structure for 2019 is shown below, and any change will be reported in next year's report.

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

The following table sets out the total remuneration for the Chairman and the Non-Executive Directors for the years ended 31 December 2019 and 2018. The remuneration for 2018 comprises the total remuneration received by them since their individual appointment dates in 2018.

Director	FY2019 £'000	FY2018 £'000
John Daly	<b>275</b>	181
Gawad Abaza	<b>62.5</b>	5
Carol Arrowsmith	<b>77.5</b>	50
Hixonia Nyasulu	<b>77.5</b>	50
Christopher Rogers	<b>77.5</b>	50
Javed Ahmed <sup>1</sup>	–	–
Temitope Lawani <sup>1</sup>	–	–
<b>Total</b>	<b>575</b>	336

<sup>1</sup> 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
John Daly	20 April 2018
Christian Chammas	2 January 2012 <sup>1</sup>
Johan Depraetere	6 April 2012 <sup>1</sup>
Gawad Abaza	1 December 2018
Carol Arrowsmith	20 April 2018
Hixonia Nyasulu	20 April 2018
Christopher Rogers	22 April 2018
Javed Ahmed	12 March 2018
Temitope Lawani	16 March 2018

<sup>1</sup> Original appointment dates.

Non-Executive Directors are subject to annual re-election at the AGM as their service contracts have no fixed term.

## 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 plc 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 2019 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 expected 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 2019 <sup>1</sup>	IPO Cash Award <sup>1</sup>	IPO Share Awards (subject to performance conditions) <sup>2</sup>	LTIP (subject to performance conditions)
John Daly	216,666	n/a	n/a	n/a
Christian Chammas	6,357,324	596,289	798,573	2,303,501
Johan Depraetere	4,953,435	446,390	561,497	1,295,721
Gawad Abaza	20,000	n/a	n/a	n/a
Carol Arrowsmith	37,878	n/a	n/a	n/a
Hixonia Nyasulu	22,000	n/a	n/a	n/a
Christopher Rogers	30,303	n/a	n/a	n/a
Javed Ahmed	n/a	n/a	n/a	n/a
Temitope Lawani	13,152,630	n/a	n/a	n/a

<sup>1</sup> 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. The shares shown will be released in May 2020 and May 2021.

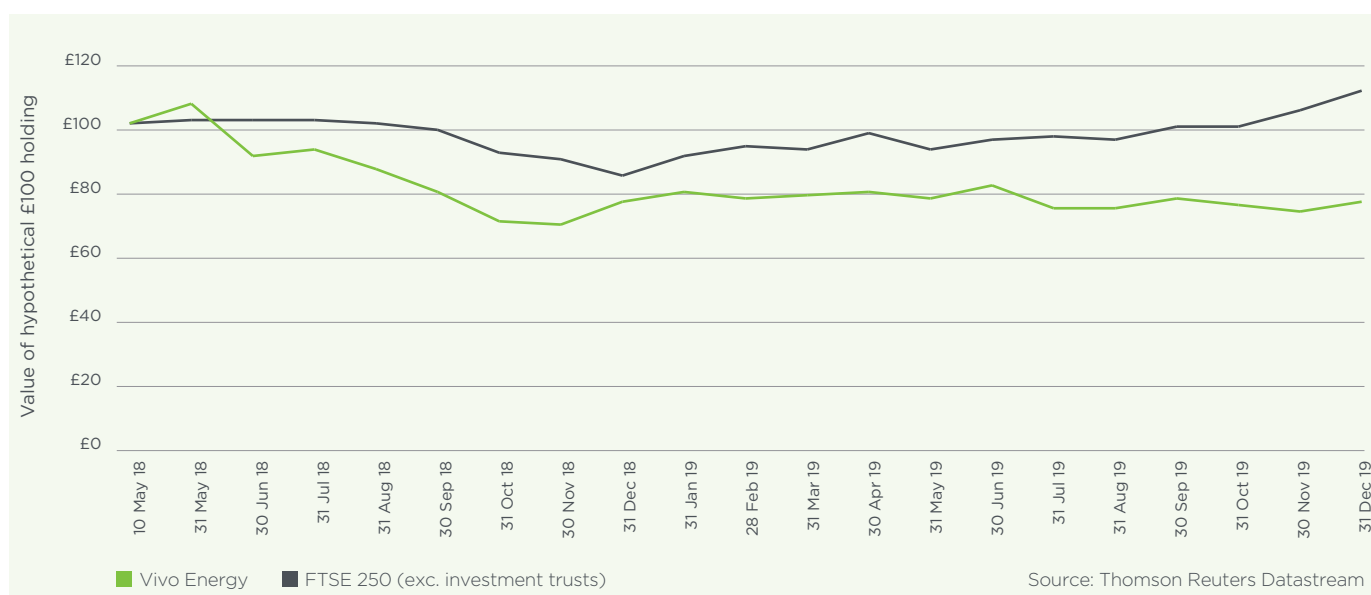
<sup>2</sup> As disclosed in the Prospectus, it was agreed prior to Admission that one-off share awards would be granted to Executive Directors shortly after the IPO. These awards, which were granted as nil-cost options, will vest, subject to performance conditions, in three equal tranches at the first,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

### 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 10% of the Company's issued share capital for all employee share plans and 5% in respect of executive share plans in any 10-year rolling period. The Company will monitor dilution levels on a regular basis.

### 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 2019. 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

The following table sets out the CEO's pay since Admission on 10 May 2018. The data for 2018 is therefore on a part year only basis.

£'000 CEO remuneration	2019	2018 <sup>1</sup>
CEO single figure of remuneration	<b>2,113</b>	1,570
Annual bonus payout (% of Maximum)	<b>73%</b>	72%
Long-term incentive payout (% of Maximum) <sup>2</sup>	<b>96%</b>	99.96%

<sup>1</sup> Figures for 2018 were stated on a part year basis covering the period from Admission (10 May 2018) to 31 December 2018.

<sup>2</sup> Long-term incentive payouts are in respect of the First and Second tranches of the IPO Share Awards. No LTIP awards have vested since Admission.

## PERCENTAGE CHANGE IN CEO REMUNERATION

The table below shows the percentage change in the salary, benefits and bonus of the CEO between 2018 and 2019, compared with the percentage change for the same components of pay for employees in the UK. The UK employee workforce has been selected as being the most applicable employee group.

	Salary % change	Benefits % change	Bonus % change
CEO	0%	0%	13% <sup>1</sup>
All employees	3%	0%	12%

<sup>1</sup> For the 2018 performance year the CEO bonus calculation was prorated to reflect his pre and post-IPO salary. For the 2019 performance year his full post-IPO salary forms the basis of the calculation.

## RELATIVE IMPORTANCE OF SPEND ON PAY

The following table shows the relationship between distributions to shareholders and the total remuneration paid to all employees for the years ending 31 December 2018 and 2019. For the year ending 31 December 2018 the data is since the date of Admission of the Company and not for the full year.

US\$ million	2019	2018	Change
Shareholder distributions	<b>48</b>	24	100%
Total employee expenditure	<b>168</b>	176	-5%

Approved by the Board and signed on its behalf

**CAROL ARROWSMITH**  
CHAIR OF THE REMUNERATION COMMITTEE

3 MARCH 2020

## DIRECTORS' REMUNERATION REPORT CONTINUED

### POLICY TABLE

The following sections are an extract from our Directors' Remuneration Policy (Policy). The full policy, as voted on by shareholders at the 2019 AGM can be found in last year's Remuneration Report.

#### FIXED PAY

##### BASE SALARY

<b>Purpose and link to strategy</b>	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.
<b>Operation</b>	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.
<b>Maximum opportunity</b>	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.
<b>Performance metrics</b>	Not applicable.

##### BENEFITS

<b>Purpose and link to strategy</b>	Benefits to be competitive in the market in which the individual is employed.
<b>Operation</b>	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.).
<b>Maximum opportunity</b>	There is no maximum limit. However, role appropriate benefits are capped at a suitable level reflecting the local market and jurisdiction.
<b>Performance metrics</b>	Not applicable.

##### RETIREMENT BENEFITS

<b>Purpose and link to strategy</b>	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.
<b>Operation</b>	Defined contribution scheme (and/or a cash allowance in lieu thereof).
<b>Maximum opportunity</b>	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.
<b>Performance metrics</b>	Not applicable.



## VARIABLE PAY

### ANNUAL BONUS

<b>Purpose and link to strategy</b>	Incentivises the achievement of specific goals over the short-term that are also aligned to the long-term business strategy.
<b>Operation</b>	<p>Performance measures are set by the Committee and are weighted to reflect a balance of financial, strategic and individual objectives.</p> <p>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 payout level.</p> <p>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.</p> <p>Where bonuses are deferred into shares, dividend equivalents may accrue.</p> <p>Cash and share bonuses awarded for annual bonuses will be subject to malus and clawback.</p>
<b>Maximum opportunity</b>	<p>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.</p> <p>The payout 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.</p>
<b>Performance metrics</b>	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.

### LONG-TERM INCENTIVE PLAN (LTIP)

<b>Purpose and link to strategy</b>	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.
<b>Operation</b>	<p>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.</p> <p>Dividend equivalents may accrue on any shares that vest.</p> <p>Awards are subject to malus and/or clawback for a period of five years from the date of grant.</p>
<b>Maximum opportunity</b>	<p>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.</p> <p>The grant value of awards to the CEO and CFO for 2018 and 2019 are 250% and 200% of base salary respectively.</p> <p>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.</p>
<b>Performance metrics</b>	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.

### SHAREHOLDING GUIDELINES

<b>Purpose and link to strategy</b>	Alignment of Executive Directors with shareholders.
<b>Operation</b>	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 hold two times base salary in shares for a period of 12 months on leaving the Company, reducing to one times base salary for a further 12 months.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### 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.

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

The annual bonus, LTIP and IPO Share Awards are subject to clawback in certain scenarios. Such scenarios 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.

### 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.

## EXECUTIVE DIRECTORS: SERVICE CONTRACTS AND LOSS OF OFFICE PROVISIONS

<b>Notice Period</b>	Six months' notice from the Company or the Executive Director.
<b>Termination Payments</b>	<p>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.</p> <p>The Company can alternatively, in its sole discretion, continue to provide such contractual benefits instead of paying a sum representing their cost.</p> <p>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.</p> <p>Certain benefits in connection with departure (e.g. legal costs, outplacement costs) may be payable in certain circumstances.</p>
<b>Incentive Awards</b>	<p>The treatment of incentive awards will depend on the circumstances of departure.</p> <p>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.</p> <p>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.</p>
<b>Restrictive Covenants</b>	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.
<b>Change of Control</b>	No special contractual provisions apply in the event of change of control.
<b>External Appointments</b>	Executive Directors may accept up to one position as a non-executive director of another publicly listed company, subject to prior approval from the Board. Any fees from such an appointment may be retained by the Executive Director. Executive Directors are not entitled to accept a position as an executive director in any company that is not a Group Company.

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

## DIRECTORS' REMUNERATION REPORT CONTINUED

### 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 also detailed in the 2018 Annual Remuneration Report. For the avoidance of doubt, they do not form part of the Remuneration Policy, as voted on by shareholders in 2019, 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.

## NON-EXECUTIVE DIRECTOR REMUNERATION

<b>Purpose and link to strategy</b>	To attract and retain high calibre individuals by offering market competitive fee arrangements.
<b>Operation</b>	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Maximum Opportunity</b>	<p>Fee levels are capped in accordance with the Articles of Association.</p> <p>Current fee levels can be found on page 98. Fees are set at a level, which is considered appropriate to attract and retain the calibre of individual required by the Company.</p> <p>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.</p>

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.

## DIRECTORS' REPORT

The Directors present their Report for the year ended 31 December 2019:

### 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 (the 'Articles') 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.

### STRATEGIC REPORT

The Strategic Report is a requirement of the Companies Act 2006 (the 'Act') and can be found on pages 8 to 65. The Company has chosen, in accordance with section 414C(11) of the Act, to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' Report, such information is referenced below.

### MANAGEMENT REPORT

For the purposes of Disclosure Guidance and Transparency Rule (DTR) 4, the Strategic Report and this Directors' Report on pages 8 to 110 comprise the Management Report.

### CORPORATE GOVERNANCE STATEMENT

The corporate governance statement setting out how the Company complies with the 2018 Code is set out on pages 66 to 107. The information required by DTR 7.2.6R can be found on pages 108 and 110. A description of the composition and operation of the Board and its Committees is set out on pages 66 to 107.

### 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 relevant disclosures can be located as follows:

Information	Location in Annual Report	Page(s)
Directors' compensation	Remuneration Report	88 to 107
Relationship agreements	Directors' Report	110
Capitalised interest	Directors' Report	108
Details of long-term incentive schemes	Remuneration Report	97
Shareholder waivers of dividends	Directors' Report	110

### STAKEHOLDER ENGAGEMENT INCLUDING SECTION 172 STATEMENT

Details of the Company's stakeholder engagement practices and section 172 statement can be found on page 45.

Further information is also available on pages 72 and 73 in respect of the Board's stakeholder engagement activities during the year.

### GOING CONCERN AND VIABILITY

The going concern statement required by the Listing Rules and the 2018 UK Corporate Governance Code (the '2018 Code') is set out on page 65. The longer-term viability statement is located on page 65.

### 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.

### 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 33 to the consolidated financial statements.

### CAPITALISED INTEREST

\$1.4 million of interest was capitalised as part of the development of SAP S/4HANA, this amount is deemed to be deductible over the remaining life of the asset. The amount of the tax benefit is immaterial to the Group.

### 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 2018 Code, including clear operating procedures, lines of responsibility and delegated authority.

Business performance is managed closely and the Board and the Senior Executive Team 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 emerging and 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 and emerging risks faced by the Company has been undertaken by the Board (for further information please see pages 58 to 65 in the Strategic Report). The Board has established a framework of prudent and effective controls, which enable risk to be assessed and managed which is annually reviewed to ensure it remains effective.

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.

## FAIR, BALANCED AND UNDERSTANDABLE

The Board considers the Annual Report and financial statements, when 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, the 2018 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.

## OVERSEAS BRANCHES

As at 31 December 2019, the Group had the following branches:

- Engen Marketing Tanzania Limited (branch registered in Tanzania, company registered in Bahamas).
- Plateau Africa Holdings Limited (branch registered in Mauritius, company registered in Canada).
- Vivo Energy Namibia Ltd. (branch registered in Namibia, company registered in the UK).
- Vivo Energy Overseas Holdings Limited (branch registered in Kenya, company registered in the Mauritius).

## DIRECTORS

The details of the Directors of the Company who held office during the year and up to the date of this report can be found on pages 74 to 75.

## 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 2020 AGM shareholders will be asked to renew and extend the authority 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 2020 AGM to grant the Directors authority to disapply pre-emption rights in line with corporate governance guidelines.

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 2019. At the 2020 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 126,607,305 shares. As at 3 March 2020, 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 2019 and remain in force. In addition, the Company provides Board members with Directors' and Officers' Liability Insurance. 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 set out 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 the '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 80.

## 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 111, which also provides details regarding the disclosure of information to the Company's auditors and Management's report on internal control over financial information.

## SHARE CAPITAL

As at the date of this Report, the Company's issued share capital is composed of a single class of 1,266,073,050 ordinary shares of US\$0.50 each.

## DIRECTORS' REPORT CONTINUED

### SHAREHOLDERS' RIGHTS

Each ordinary share of the Company carries one vote at general meetings of the Company. Except as set out in the Articles or in applicable legislation, there are no restrictions on the transfer of shares or on the voting rights in 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 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 places restrictions on, share transfers or voting rights.

### EMPLOYEE BENEFIT TRUST (THE 'EBT')

On 10 May 2019 the Company established the Vivo Energy Employee Benefit Trust. This is a discretionary trust formed to enable the Company to issue shares to certain employees under the Company's share plans, namely the IPO Share Award, Long-Term Incentive Plan and any other share plan that the Company may establish in the future. To satisfy the first tranche of the IPO Share Award, the EBT subscribed for 1,070,531 shares on 10 May 2019. As at 31 December 2019 the EBT held no shares. Dividends on shares held by the EBT are waived.

### DIVIDENDS

Full details of the Company's dividend policy and proposed final dividend payment for the year ended 31 December 2019 are set out on page 153 and note 23 to the consolidated financial statements.

### SUBSTANTIAL SHAREHOLDINGS

The major shareholders of the Company are Vitol Africa B.V. and VIP Africa II B.V. (together 'Vitol') and HIP Oils Mauritius Limited and Helios Holdings Limited (together 'Helios').

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 175.

### RELATIONSHIP AGREEMENTS

As at 31 December 2019, Helios held 29% and Vitol held 36% of the Company's shares in issue and were therefore classified as 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 cease 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.

### 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 repayment provisions. In addition, the Group's arrangements with brand partners and the 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 Share Awards and Long-Term Incentive Plan 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 32 to the consolidated financial statements.

### PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS WITHIN THE GROUP

The Strategic Report sets out the principal activities of the Group and contains details of possible future developments.

### SUSTAINABILITY AND GREENHOUSE GAS DISCLOSURES

Information about the Company's approach to sustainability including details of our greenhouse gas emissions is set out in the Strategic Report on page 55.

### POLITICAL DONATIONS

No political donations were made during the financial year-end. The Company's policy is that no political donations be made or political expenditure incurred.

### 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 87, 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 2021 and to authorise the Directors to determine their remuneration, will be proposed to shareholders at the AGM.

### AGM

The Company's 2020 AGM will be held at 2.00 p.m. on 20 May 2020 at Freshfields Bruckhaus Deringer LLP, 28 Tudor Street, Temple, London EC4Y 0BH United Kingdom. The Notice of the AGM contains a full explanation of the business to be conducted at the meeting 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. Through channels such as Vivo Energy's town hall meetings which are undertaken on a quarterly basis within each Operating Unit, management ensure that employees are updated with matters of interest, including updated on Company performance. During the year the Board were provided with an overview of the output following the employee engagement survey which highlighted key issues affecting Vivo Energy employees.

Further details on employee involvement can be found in the Strategic Report on pages 50 and 51. Additional information regarding the Board's workforce engagement champion can be found on page 71.

### EMPLOYMENT OF DISABLED PEOPLE

Further details on the employment of disabled people can be found in the Strategic Report on page 49.

### 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 3 March 2020.

By order of the Board

**JOHN DALY**  
CHAIRMAN OF THE BOARD

3 MARCH 2020



## 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 74 to 75 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, 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 when 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

3 MARCH 2020

**JOHAN DEPRAETERE**  
CHIEF FINANCIAL OFFICER

3 MARCH 2020

# 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.

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## 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 2019 and of the Group'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 and Accounts (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 31 December 2019; the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the Consolidated and Company 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 2019 to 31 December 2019.

#### OUR AUDIT APPROACH

##### Context

PricewaterhouseCoopers Accountants NV, were the auditors of Vivo Energy Holding B.V., the parent company of the Group prior to June 2018 and had been since the year ended 31 December 2012. Following the Group's listing on the Main Market of the London Stock Exchange in May 2018, 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. Partners and staff from PricewaterhouseCoopers Accountants NV continue to support PricewaterhouseCoopers LLP on the Group audit for the year ended 31 December 2019.

##### Overview



- Overall Group materiality: \$13.0 million (2018: \$14.0 million), based on 5% of earnings before tax and special items.
- Overall Company materiality: \$18.5 million (2018: \$18.0 million), based on 1% of net assets.
- Ten components engaged to perform audit of their complete financial information.
- 2 components engaged to perform audits of specific balances.
- Overall coverage of 72% revenue, 72% profit before tax, and 68% total assets was obtained.
- 5 components were visited by the group engagement team.
- Recoverability of other government benefits receivable (Group).
- Provisions for uncertain tax positions (Group).
- Accounting for the acquisition of Vivo Energy Overseas Holdings Limited (Group).

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY PLC**

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

**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.

**Capability of the audit in detecting irregularities, including fraud**

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of anti-bribery and corruption laws, health and safety regulations and competition laws and regulations (see page 60 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 preparation of the financial statements such as the Companies Act 2006, Listing Rules, UK tax legislation and other legislation specific to the industry in which the Group operates. 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 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 including Internal Audit, Finance, Head of Ethics and Compliance and the Head of Forensics. These discussions included 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 or through other mediums 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);
- 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; and
- Review of correspondence with, or reports issued by, competition authorities and assessment of external legal advice received in respect of any matters raised.

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
<p><b>Provisions for uncertain tax positions</b></p> <p>Refer to notes 2, 10 and 25 in the Group financial statements.</p> <p>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. In several territories tax audits are performed and tax claims are made however these are often settled for much less once further information is supplied. The claims often focus on the application of transfer pricing policies. Management are required to make judgements on whether it is probable that the tax authorities will accept the current treatment and, where it is not considered probable, estimate the expected value or the most likely value of the payout.</p> <p>We focused on the judgements and estimates made by management in assessing the likelihood and quantification of material exposures and the associated uncertain tax position provisions.</p>	<p>With the assistance of our local and international tax specialists including transfer pricing specialists, we evaluated management's judgements in respect of the likelihood of tax positions being challenged. We looked at the nature of the transactions, the technical merits of the position and the local tax authorities' track record of challenging similar tax positions.</p> <p>We also challenged management on the level of provisioning booked for each uncertain tax position, considering both whether the level of provisioning was too prudent or too optimistic. We considered management's assessment through the examination of their analysis of these positions, including testing of their 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.</p>
<p><b>Recoverability of other government benefits receivables</b></p> <p>Refer to note 2 and 17 in the Group financial statements.</p> <p>The Group has \$110 million of receivables mostly due from 8 governments principally related to subsidies for product prices or incidental costs where regulated price mechanisms exist. The recoverability of these receivables is not always certain with outstanding balances being aged and with governments with poor or no credit ratings.</p> <p>Determination of the provisioning required against these receivables requires consideration of the willingness and ability of the counterparties to meet their debts. This can often be complex and highly judgemental.</p> <p>Due to the nature and aging of the receivables in Guinea and Senegal we identified the receivables with the governments of these countries to be where our main audit focus was required.</p>	<p>For Senegal and Guinea we performed procedures to determine the accuracy of the receivables being recognised, including the legal right to offset, by assessing supporting documentation and confirming the positions directly with the government authorities. In addition we verified the claims arising in the year to the underlying transactions and payments back to bank statements.</p> <p>Where provisioning was required for the receivables with Guinea and Senegal, we assessed management's calculation against the communications with the local authorities, historical precedent of similar matters being resolved, and evidence of the Group's efforts to secure payment. In addition, we sought independent evidence of the government's ability and willingness to pay by considering third party published views on the economic and fiscal positions of the countries, meeting with government representatives and seeking the view of internal specialists.</p> <p>We similarly performed procedures over the accuracy of the receivables recognised in the year for other government receivables by obtaining and testing the movement schedule. We performed confirmations directly with the governments and, where these were ineffective, alternative procedures. In addition, we assessed each government's ability to pay through review of credit ratings, reports from international bodies and media searches.</p> <p>Based on our work performed, we found the judgements and assumptions used by management in the recoverability assessment of government benefits receivables to be supportable based on the available evidence.</p>

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY PLC**

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

**KEY AUDIT MATTER****Accounting for the acquisition of Vivo Energy Overseas Holdings Limited ("VEOHL")**

Refer to note 2 and 11 in the Group financial statements.

In March 2019, the Group completed the Engen International Holdings (Mauritius) Limited, subsequently renamed Vivo Energy Overseas Holdings Limited (VEOHL), acquisition for a purchase consideration of \$177m comprising issuance of 63 million ordinary shares and a \$64m cash settlement. This acquisition represents a significant one-off transaction as well as a notable geographical expansion of the Vivo Energy business.

We have considered the valuation of the purchased assets and liabilities as the most significant area of audit focus given the high level of judgement and estimation involved. We have engaged valuation experts to support our work.

**HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER**

To ensure completeness, accuracy and existence of the inputs into the valuation of purchased assets and liabilities we performed specified procedures on the opening balance sheets of the largest acquired Engen entities. We engaged pension and tax specialists to support these procedures in relation to retirement benefit obligations and uncertain tax positions including those related to transfer pricing.

We engaged internal experts to assess the valuation methodology and assumptions used in determining the value of PPE and intangible assets acquired including relationships with retail station owners and operators, brand name and commercial customer relationships and the business enterprise value.

We assessed, with support from our internal valuation experts, the purchase price allocation report prepared for management by their experts, Deloitte. In addition, we identified the level at which goodwill should be allocated, noting that this should be at the lowest level at which it is monitored for internal management purposes but must not be larger than the operating segments defined by IFRS 8, and assessed for impairment.

Based on the procedures performed we concluded that management had accurately determined the value of the business acquired and appropriately recognised goodwill.

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 operates in 23 countries across Africa. It is structured such that each country operates semi-autonomously with oversight, consolidation, and certain activities performed by Group management. Each country can contain many legal entities, associates and joint ventures for which separate financial information is prepared. In general, each country will prepare an IFRS pack (the 'financial information') for its principal operating activities which will contain one or more legal entities. We have identified a component as being the entity or group of entities for which an IFRS pack is prepared.

We identified Morocco and Kenya as financially significant components based on their size compared to the consolidated financial statements of the Group. A further 6, large components were identified and engaged to perform audits of their complete financial information in order to provide appropriate coverage over the operations of the Group. In addition, Tunisia performed an audit of the revenue and receivables balances only in order to provide sufficient coverage over the revenue balance.

Guinea and Senegal were identified as significant risk components relating to the recoverability of government benefits receivables as described in the key audit matters. Guinea was requested to perform an audit over the other assets balance only while Senegal was engaged to perform an audit of their complete financial information as one of the 6 components identified above.

Reunion and Zimbabwe components were engaged to perform audits of their complete financial information. These components provide limited contribution to the consolidated results of the Group however represent 2 of the largest entities acquired as part of the VEOHL acquisition described in the key audit matters above.

Procedures were also performed at a Group level over balances including cash, goodwill and external borrowings which are included in legal entities not associated with an individual country. Procedures over centralised controls and IT functions were also performed by the group engagement team.

Overall coverage of 72% of revenue, 72% of profit before tax, and 68% of total assets was obtained. None of the operating units excluded from our Group audit scope individually contributed more than 5% to consolidated revenue.

Interactions with component teams varied depending on their size, complexity and risk. Interactions with each component included: detailed instruction; a risk assessment and audit approach planning meeting; detailed deliverables identifying significant matters and procedures performed over significant risks; status and clearance meetings at key stages of the audit; and file reviews tailored to the specifics of the component. This was in addition to further ad-hoc calls and emails to discuss matters arising.

In addition, members of the Group engagement team performed visits to audit teams responsible for Morocco, Kenya, Ghana, Senegal and Côte d'Ivoire. These represent the 2 financially significant components as well as 3 other large components as part of a rotational process that covers all large components.

The Company financial statements audit was performed independently by the Group engagement team. This did not contribute to the scope of work performed on the consolidated financial statements.

## 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	\$13.0 million (2018: \$14.0 million).	\$18.5 million (2018: \$18.0 million).
How we determined it	5% of earnings before tax and special items.	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 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 \$1.0 million and \$12.0 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 \$1.0 million (Group audit) (2018: \$0.7 million) and \$1.0 million (Company audit) (2018: \$0.9 million) 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 twelve 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 of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group'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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY PLC

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

#### 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 2019 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)

#### 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 65 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 65 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 109, 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 84 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 111, 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](http://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. The period of total uninterrupted engagement is 2 years, covering the years ended 31 December 2018 to 31 December 2019.

Nicholas Stevenson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
3 March 2020

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US\$ million	Notes	2019	2018
Revenues	5	8,302	7,549
Cost of sales		(7,627)	(6,924)
<b>Gross profit</b>	5	<b>675</b>	<b>625</b>
Selling and marketing cost		(224)	(197)
General and administrative cost	7	(165)	(183)
Share of profit of joint ventures and associates	14	22	28
Other income/(expense)	8	2	3
<b>Earnings before interest and tax (EBIT)</b>	6	<b>310</b>	<b>276</b>
Finance income		7	6
Finance expense		(71)	(53)
<b>Finance expense – net</b>	9	<b>(64)</b>	<b>(47)</b>
<b>Earnings before tax (EBT)</b>		<b>246</b>	<b>229</b>
Income taxes	10	(96)	(83)
<b>Net income</b>	6	<b>150</b>	<b>146</b>
<b>Net income attributable to:</b>			
Equity holders of Vivo Energy plc		136	135
Non-controlling interest (NCI)		14	11
		<b>150</b>	<b>146</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items that may be reclassified to profit or loss</b>			
Currency translation differences		(42)	(20)
Net investment hedge gain		3	7
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of retirement benefits		–	3
Income tax relating to retirement benefits		–	(1)
Change in fair value of financial instruments through OCI	15	1	1
<b>Other comprehensive income, net of tax</b>		<b>(38)</b>	<b>(10)</b>
<b>Total comprehensive income</b>		<b>112</b>	<b>136</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of Vivo Energy plc		113	126
Non-controlling interest (NCI)		(1)	10
		<b>112</b>	<b>136</b>
<b>Earnings per share (US\$)</b>			
	22		
Basic		0.11	0.11
Diluted		0.11	0.11

The notes are an integral part of these consolidated financial statements.

### NON-GAAP MEASURES

US\$ million, unless otherwise indicated	2019	2018
EBITDA	416	366
Adjusted EBITDA	431	400
Adjusted net income	162	178
Adjusted diluted EPS (US\$)	0.12	0.14

Refer to the non-GAAP financial measures definitions and reconciliations to the most comparable IFRS measures on page 42 and 43.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$ million	Notes	31 December 2019	31 December 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	823	622
Right-of-use assets	28	176	148
Intangible assets	13	226	134
Investments in joint ventures and associates	14	227	223
Deferred income taxes	10	34	36
Financial assets at fair value through other comprehensive income	15	9	8
Other assets	17	110	101
		<b>1,605</b>	<b>1,272</b>
<b>Current assets</b>			
Inventories	18	517	441
Trade receivables	19	451	444
Other assets	17	257	255
Income tax receivables		9	19
Other financial assets	16	–	3
Cash and cash equivalents	20	517	393
		<b>1,751</b>	<b>1,555</b>
<b>Total assets</b>		<b>3,356</b>	<b>2,827</b>
<b>Equity and liabilities</b>			
<b>Total equity</b>			
Attributable to equity holders of Vivo Energy plc		751	533
Non-controlling interest		53	48
	21	<b>804</b>	<b>581</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	28	104	98
Borrowings	24	294	314
Provisions	25, 26	102	75
Deferred income taxes	10	66	51
Other liabilities	27	160	143
		<b>726</b>	<b>681</b>
<b>Current liabilities</b>			
Lease liabilities	28	21	13
Trade payables		1,257	1,062
Borrowings	24	306	286
Provisions	25, 26	14	15
Other financial liabilities	16	3	–
Other liabilities	27	178	165
Income tax payables		47	24
		<b>1,826</b>	<b>1,565</b>
<b>Total liabilities</b>		<b>2,552</b>	<b>2,246</b>
<b>Total equity and liabilities</b>		<b>3,356</b>	<b>2,827</b>

The notes are an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 3 March 2020 and were signed on its behalf by:

**CHRISTIAN CHAMMAS**  
CHIEF EXECUTIVE OFFICER

**JOHAN DEPRAETERE**  
CHIEF FINANCIAL OFFICER

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US\$ million	Notes	Attributable to equity holders of Vivo Energy plc											Total equity	
		Share capital	Share premium	Retained earnings	Other reserves							Total		NCI
					Reserves <sup>1</sup>	Retirement benefits	Currency translation difference	Fair value reserves	Equity-settled incentive schemes <sup>2</sup>	NCI reserves				
<b>Balance at 1 January 2019</b>		<b>601</b>	<b>3</b>	<b>72</b>	<b>(136)</b>	<b>2</b>	<b>(19)</b>	<b>1</b>	<b>9</b>	<b>–</b>	<b>533</b>	<b>48</b>	<b>581</b>	
Net income		–	–	136	–	–	–	–	–	–	<b>136</b>	14	<b>150</b>	
Other comprehensive income		–	–	–	–	–	(24)	1	–	–	<b>(23)</b>	(15)	<b>(38)</b>	
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>136</b>	<b>–</b>	<b>–</b>	<b>(24)</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>113</b>	<b>(1)</b>	<b>112</b>	
Share-based expense	31	–	–	–	–	–	–	–	1	–	<b>1</b>	–	<b>1</b>	
Share issuance related to acquisition <sup>1</sup>	11	31	–	–	82	–	–	–	–	–	<b>113</b>	12	<b>125</b>	
Share issuance related to share awards	31	1	1	–	–	–	–	–	(2)	–	–	–	–	
Transactions with NCI		–	–	2	–	–	–	–	–	–	<b>2</b>	4	<b>6</b>	
Net impact of IAS 29 <sup>3</sup>		–	–	19	–	–	–	–	–	–	<b>19</b>	–	<b>19</b>	
Dividends paid <sup>4</sup>	23	–	–	(30)	–	–	–	–	–	–	<b>(30)</b>	(10)	<b>(40)</b>	
<b>Balance at 31 December 2019</b>		<b>633</b>	<b>4</b>	<b>199</b>	<b>(54)</b>	<b>2</b>	<b>(43)</b>	<b>2</b>	<b>8</b>	<b>–</b>	<b>751</b>	<b>53</b>	<b>804</b>	

US\$ million	Notes	Attributable to equity holders of Vivo Energy plc											Total equity	
		Share capital	Share premium	Retained earnings	Other reserves							Total		NCI
					Reserves	Retirement benefits	Currency translation difference	Fair value reserves	Equity-settled incentive schemes <sup>2</sup>	NCI reserves				
<b>Balance at 1 January 2018</b>		<b>–</b>	<b>245</b>	<b>309</b>	<b>–</b>	<b>(2)</b>	<b>(160)</b>	<b>2</b>	<b>2</b>	<b>6</b>	<b>402</b>	<b>46</b>	<b>448</b>	
Net income		–	–	135	–	–	–	–	–	–	<b>135</b>	11	<b>146</b>	
Other comprehensive income		–	–	–	–	2	(12)	1	–	–	<b>(9)</b>	(1)	<b>(10)</b>	
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>135</b>	<b>–</b>	<b>2</b>	<b>(12)</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>126</b>	<b>10</b>	<b>136</b>	
IPO-related reorganisation impact <sup>5</sup>		–	(245)	(364)	–	2	153	(2)	(2)	(6)	<b>(464)</b>	–	<b>(464)</b>	
Capital contribution	21	1,800	–	–	(1,336)	–	–	–	–	–	<b>464</b>	–	<b>464</b>	
Directors' subscriptions	21	3	1	–	–	–	–	–	–	–	<b>4</b>	–	<b>4</b>	
Capital reduction	21	(1,202)	2	–	1,200	–	–	–	–	–	–	–	–	
Share-based expense	31	–	–	–	–	–	–	–	9	–	<b>9</b>	–	<b>9</b>	
Dividends paid <sup>4</sup>	23	–	–	(8)	–	–	–	–	–	–	<b>(8)</b>	(8)	<b>(16)</b>	
<b>Balance at 31 December 2018</b>		<b>601</b>	<b>3</b>	<b>72</b>	<b>(136)</b>	<b>2</b>	<b>(19)</b>	<b>1</b>	<b>9</b>	<b>–</b>	<b>533</b>	<b>48</b>	<b>581</b>	

The notes are an integral part of these consolidated financial statements.

- 1 Included in reserves is a merger reserve (\$82m) relating to the premium on shares issued as part of the consideration of the acquisition of Vivo Energy Overseas Holdings Limited (VEOHL), formerly known as Engen International Holdings (Mauritius) Limited in March 2019.
- 2 Equity-settled incentive schemes include the Long-Term Incentive Plan (LTIP) and the IPO Share Award Plan.
- 3 The net impact on retained earnings as a result of the index-based adjustments in Zimbabwe under IAS 29 'Financial Reporting in Hyperinflationary Economies'.
- 4 The dividends paid to the equity holders of Vivo Energy plc were paid out of distributable reserves (refer to note 11 of the Company financial statements).
- 5 Refer to the general information (note 1).

## CONSOLIDATED STATEMENT OF CASH FLOWS

US\$ million	Notes	2019	2018 <sup>1</sup>
<b>Operating activities</b>			
Net income		150	146
<b>Adjustment for:</b>			
Income taxes	10	96	83
Amortisation, depreciation and impairment	12, 13, 28	106	90
Net gain on disposals of PP&E and intangible assets	8	–	(2)
Share of profit of joint ventures and associates	14	(22)	(28)
Dividends received from joint ventures and associates	14	22	23
Current income tax paid		(83)	(103)
Net change in operating assets and liabilities and other adjustments	29	176	42
<b>Cash flows from operating activities</b>		<b>445</b>	<b>251</b>
<b>Investing activities</b>			
Acquisition of businesses, net of cash acquired		(16)	–
Purchases of PP&E and intangible assets	12, 13	(149)	(147)
Proceeds from disposals of PP&E and intangible assets	8, 12, 13	2	3
Other investing activities		3	–
<b>Cash flows from investing activities</b>		<b>(160)</b>	<b>(144)</b>
<b>Financing activities</b>			
Proceeds from issuance of shares		–	1
Proceeds from long-term debt	24	62	–
Repayment of long-term debt	24	(82)	(84)
Net (repayments)/proceeds (of)/from bank and other borrowings	24	1	40
Repayment of lease liabilities	28	(27)	(25)
Dividends paid		(40)	(16)
Interest paid		(51)	(44)
<b>Cash flows from financing activities</b>		<b>(137)</b>	<b>(128)</b>
Effect of exchange rate changes on cash and cash equivalents		(24)	(9)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>124</b>	<b>(30)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>393</b>	<b>423</b>
<b>Cash and cash equivalents at end of the year</b>	20	<b>517</b>	<b>393</b>

The notes are an integral part of these consolidated financial statements.

<sup>1</sup> Prior year comparatives were reclassified to provide a consistent presentation to 2019 (see note 2.1).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Vivo Energy plc (the 'Company'), a public limited company, was incorporated 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 limited by shares. The address of the registered office is 5th Floor, The Peak, 5 Wilton Road, London, SW1V 1AN, United Kingdom. The Company was inserted as the parent company of the Group in a pre-IPO reorganisation that is further explained in note 21. 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. References to 'Vivo Energy' or the 'Group' mean the Company and its subsidiaries and subsidiary undertakings.

On 1 March 2019, Vivo Energy Investments B.V. acquired a 100% shareholding in Vivo Energy Overseas Holding Limited (VEOHL) formerly known as Engen International Holdings (Mauritius) Limited. Upon completion of the transaction, Vivo Energy extended operations in eight new markets and added over 200 Engen-branded service stations to the existing network.

Vivo Energy distributes and sells fuel and lubricants to retail and commercial consumers in Africa and trades under brands owned by the Shell and Engen 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. Further details on the nature of the Group's operations and principal activities can be found in the Strategic report on page 1 to 65.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below, and have been applied consistently over the years with the addition of the Group accounting policy on business combinations, computer software and hyperinflation accounting.

#### 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 the 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.

Management continually seeks to provide the reader with more understandable and useful information and has therefore reclassified comparatives to provide a consistent presentation to 2019. In 2019 improvements were made in the consolidated statement of cash flows. Interest received was reclassified from financing activities to operating activities (2018: \$6m). This reclassification had no impact on the net increase/decrease in cash and cash equivalents.

#### 2.2 Application of new and revised IFRS

The following pronouncements issued by the IASB and endorsed by the European Union are effective for annual periods beginning 1 January 2019. The Group's financial statements have been prepared in accordance with these standards, which have no material impact on the consolidated financial statements of the Group:

- Amendments to IAS 19 Plan amendment, curtailment or settlement
- Amendments to IAS 28 Long-term interests in associates and joint ventures
- Amendments to IFRS 9 Prepayments with negative compensation
- Improvements to IFRS Standards 2015–2017 Cycle

The following pronouncements, issued by the IASB effective for annual periods beginning 1 January 2019, have been early adopted by the Group in 2017 and 2018 respectively:

- IFRS 16 'Leases' (retrospectively)
- IFRIC 23 'Uncertainty over Income Tax Treatment'

### 2.3 New standards, amendments and interpretations not yet adopted

The following amendments and new interpretations to the standards effective for annual periods beginning on or after 1 January 2020, have not been applied in preparing the consolidated financial statements of the Group:

- Amendments to IFRS 3 Definition of a business
- Amendments to IAS 1 and IAS 8 Definition of 'material'
- Interest Rate Benchmark Reform
- Effective date of updated references to the Conceptual Framework

The above amendments and new interpretations to the standards, 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 15 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

#### 2.5 Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets and liabilities transferred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 'Financial Instruments' either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### 2.6 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.

#### 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.

The financial statements of entities in hyperinflationary economies are translated in accordance with IAS 29 'Financial Reporting in Hyperinflationary Economies'.

#### Accounting for hyperinflation

The results of the Group's operations within entities based in Zimbabwe have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from date of acquisition.

Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit, current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period. The Group has elected to use the Zimbabwe Consumer Price Index (CPI), as published by the Zimbabwe Reserve Bank, as the general price index to restate amounts, since CPI provides an official observable indication of the change in the price of goods and services.

The carrying amounts of non-monetary assets and liabilities carried at historical cost have been adjusted to reflect the impact of the CPI. Amortisation, depreciation and impairments shall be recalculated based on the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets restated to reflect the change in the general price index. All other items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were originally recorded. The restatement of income and expenses are carried out on a monthly basis by applying the respective conversion factor. The net impact of these gains or losses, have been recognised in the statement of comprehensive income.



All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. Following the application of IAS 29, the financial statements of Zimbabwean subsidiaries are translated at the closing exchange rate applicable for the period.

The impact of applying IAS 29 in the current period resulted in an increase in property, plant and equipment of \$19m, an increase in intangible asset of \$7m, an increase in net finance expense of \$5m and a decrease in net income of \$3m. An impairment test on fixed assets was carried out on 31 December 2019, which indicated there was no impairment to be recognised.

### Functional currency Zimbabwe

At acquisition of VEOHL on 1 March 2019, the functional currency of the Zimbabwean subsidiaries were assessed in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'. From the date of acquisition, the functional currency is considered to be the RTGS dollar, labour and other expenditure are priced and settled in RTGS dollars and the primary economic environment that the entity generates cash flow from operations is Zimbabwe. Furthermore, secondary factors such as the currency in which funds from financing activities are generated and the currency in which receipts from operating activities are retained supports the RTGS dollar as the functional currency.

The Reserve Bank of Zimbabwe (RBZ) introduced an exchange control registration process for certain foreign denominated liabilities (legacy debts) that were outstanding as at 22 February 2019. The purpose of the registration was to provide the RBZ with sufficient information that will allow it to determine a roadmap for orderly settlement of these legacy debts. Liabilities registered in accordance with the Exchange Directive Rule 102/2019 approximated \$63m and were settled by the Group using an exchange rate of 1:1 USD/RTGS\$ in July 2019.

### 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.

### 2.7 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-ordinated 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.

### 2.8 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.

### 2.9 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### 2.10 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.

### 2.11 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. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### Shell Licence Agreements ('Licences')

The licences acquired grant the Company the exclusive right to distribute and market Shell-branded 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.

#### Computer software

Computer software comprises software purchased from third parties as well as the cost of internally developed software. Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs that are directly associated with the production of identifiable and unique software products that are controlled by the Group, and where it is probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads. Costs associated with maintaining software programs are recognised as an expense when they are incurred. Amortisation is charged on a straight-line basis over their estimated useful lives of three to 10 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 10 years. The VEOHL business acquisition in 2019 attributed additional intangible assets recognised through application of IFRS 3 'Business combinations'. These intangible assets relate to customer relationships and the use of the Engen brand with useful lives of between 10 to 15 years.

### 2.12 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 or fair value less cost of disposal, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax or post-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.

### 2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct purchase costs (including transportation), cost of production, manufacturing and taxes, and is determined using the weighted average cost method.

### 2.14 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 2019, 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 2019, this relates to Vivo Energy Botswana, Senegal, Morocco and Guinea.

The origination of these receivables arises from legal rights based on government schemes of taxation and subsidies and not from any contractual agreements. As such, they are not considered as financial instruments within the scope of IFRS 9 'Financial Instruments' and are accounted for under IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. 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. The subsidy is accrued to match the associated cost to which the compensation has been granted. 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.

Where the Group enters into factoring arrangements it 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.

### 2.15 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

#### 2.15 Financial instruments (continued)

##### 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. The Group may obtain security for certain trade receivables in the form of cash deposit, bank guarantees, credit insurance and assets securities, which can be called upon if the counterparty is in default under the terms of the agreement.

##### 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.

#### 2.16 Impairment of financial assets

The Group applies the expected credit loss (ECL) model for recognising impairment losses 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 the effective interest rate.

Loss allowance for financial assets other than trade receivables are 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. Since the contractual terms of most financial assets are typically less than 12 months, there is no significant difference between the measurement of 12 months' and lifetime ECL.

For trade receivables, a simplified impairment approach is applied and ECL is measured at the amount equal to lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. Lifetime ECL for trade receivables is computed based on a provision matrix, which takes into account historical credit loss experience adjusted for forward-looking information. Experienced credit judgement is applied to ensure that probabilities of default are reflective of the credit risk associated with the Group's exposure.

The measurement of expected ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss after recovery if there is a default) and the exposure at default (i.e. the asset's carrying amount). It is measured using historical cash collection data grouped into various age categories. The historical loss rates are adjusted where macroeconomic factors or other commercial factors are expected to have a significant impact on future expected credit losses. The measurement of expected ECL further takes into account all collateral held for secured trade receivables. The Group considers that there is no reasonable expectation of recovery of the debt when the counterparty, among others, fails to engage in an acceptable repayment plan or fails to make contractual payments for a period greater than 180 days past due.

Financial assets are considered to be credit-impaired when there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows have occurred. This includes but is not limited to observable data at the reporting date that confirms potential future impairment such as severe financial difficulty of a counterparty; probability that a counterparty will enter bankruptcy; a contract breach; disappearance of an active market for a counterparty's products; concession being granted to a counterparty for economic or contractual reasons due to a financial difficulty that would not otherwise be considered; and other financial reorganisation of a counterparty's business. At the reporting date, any significant change in credit risk arising from these factors results in an adjustment of default probabilities. Where the Group has no reasonable expectation of recovering the debt, for example where all legal avenues for collection of amounts due have been exhausted, the debt (or relevant portion) is written off.

### 2.17 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.

### 2.18 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.

### 2.19 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.

### 2.20 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.

#### 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.

### 2.21 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 assets also includes any lease payments made and excludes lease incentives and initial direct costs incurred. The ROU assets acquired under IFRS 16 'Leases' are depreciated on a straight-line basis over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

The measurement of the lease liability may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. After the initial measurement at commencement, the carrying amount of the lease liability is increased by interest on the lease liability, reduced by lease payments made and remeasured to reflect any reassessment or lease modifications. Interest on the lease liability is computed based on the initial discount rate used to compute the lease liability at commencement (or if applicable a revised discount rate used in a modification or remeasurement) to produce a constant period rate of interest on the remaining balance of the lease liability.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

## 2.22 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 70% of the total defined benefit obligations are unfunded. The other 30% 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.

### 2.23 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\$ million	31 December 2019			
	Measured at amortised cost	Measured at FVTOCI	Total carrying value	Fair value
<b>Financial assets</b>				
Trade receivables <sup>1</sup>	451	–	451	451
Cash and cash equivalents	517	–	517	517
Financial assets at FVTOCI	–	9	9	9
Other assets <sup>2</sup>	115	–	115	115
<b>Total</b>	<b>1,083</b>	<b>9</b>	<b>1,092</b>	<b>1,092</b>

1 Trade receivables include credit secured receivables of \$206m.

2 Other assets (note 17) exclude the following elements that do not qualify as financial instruments: prepayments, VAT and duties receivable and other government benefits receivable.

US\$ million	31 December 2019			
	Measured at FVTPL	Measured at amortised cost	Total carrying value	Fair value
<b>Financial liabilities</b>				
Trade payables	–	1,257	1,257	1,257
Borrowings	–	600	600	600
Other liabilities <sup>1</sup>	–	225	225	225
Lease liabilities	–	125	125	125
Other financial liabilities	3	–	3	3
<b>Total</b>	<b>3</b>	<b>2,207</b>	<b>2,210</b>	<b>2,210</b>

1 Other liabilities (note 27) exclude the elements that do not qualify as financial instruments.

US\$ million	31 December 2018				
	Measured at amortised cost	Measured at FVTPL	Measured at FVTOCI	Total carrying value	Fair value
<b>Financial assets</b>					
Trade receivables <sup>1</sup>	444	–	–	444	444
Cash and cash equivalents	393	–	–	393	393
Financial assets at FVTOCI	–	–	8	8	8
Other assets <sup>2</sup>	93	–	–	93	93
Other financial assets	–	3	–	3	3
<b>Total</b>	<b>930</b>	<b>3</b>	<b>8</b>	<b>941</b>	<b>941</b>

1 Trade receivables include credit secured receivables of \$197m.

2 Other assets (note 17) exclude the following elements that do not qualify as financial instruments: prepayments, VAT and duties receivable and other government benefits receivable.

US\$ million	31 December 2018			
	Measured at amortised cost	Total carrying value	Fair value	
<b>Financial liabilities</b>				
Trade payables	1,062	1,062	1,062	
Borrowings	600	600	600	
Other liabilities <sup>1</sup>	219	219	219	
Lease liabilities	111	111	111	
<b>Total</b>	<b>1,992</b>	<b>1,992</b>	<b>1,992</b>	

1 Other liabilities (note 27) exclude the following elements that do not qualify as financial instruments.



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.

The following table presents the changes in level 3 items for the periods ended 31 December:

US\$ million	Financial assets measured at FVTOCI
<b>Opening balance 1 January 2018</b>	<b>6</b>
Fair value adjustment	
Foreign exchange differences	
<b>Closing balance 31 December 2018</b>	<b>8</b>
Fair value adjustment	
Foreign exchange differences	-
<b>Closing balance 31 December 2019</b>	<b>9</b>

The fair value through other comprehensive income are the only level 3 financial assets within the Group. There were no changes made during the year to valuation methods or the processes to determine classification and no transfers were made between the levels in the fair value hierarchy.

### 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 \$378m (2018: \$274m). 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 \$38m (2018: \$27m) 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 2019 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.

In Botswana, Guinea, Madagascar, Senegal and Morocco (for Butane only) 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.

The Group does not hold equity securities for trading and is, therefore, not exposed to price risk.

##### 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 2019. 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 2019, if interest rates on US dollar-denominated and Euro-denominated borrowings had been one hundred basis points higher/lower with all other variables held constant, the calculated post-tax profit for the year would have been \$4m (2018: \$5m) higher/lower, mainly as a result of higher/lower finance expense on floating rate borrowings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 3. FINANCIAL RISK MANAGEMENT CONTINUED

## 3.2 Financial risk factors (continued)

## 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. At reporting date, the Group noted no significant concentrations of credit risk to individual customers or counterparties. 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 customers based on commercial data, but also considers financial data when a credit limit exceeds \$15,000 for Retail and \$100,000 for Commercial. 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 17).

As at 31 December 2019, the Group is exposed to credit risk in relation to other government benefits receivables mainly in Botswana, Morocco, Madagascar, Senegal and Guinea. The Morocco receivable of \$22m (2018: \$27m) relates 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 \$18m at 31 December 2019 (2018: \$15m). Based on management's review on the recoverability of these receivables it believes the credit risk in relation to these balances (note 17) is relatively low.

In Morocco customer receivables to the amount of \$19m (2018: \$24m) were assigned to a factoring subsidiary of a commercial 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. This resulted in a continuous involvement accounting treatment where a substantial portion of the risk has been transferred. A continuous involvement liability of \$0.4m (2018: \$0.5m) was recognised. In addition, other government benefits receivable to the amount of \$9m (2018: \$45m) were assigned to a local commercial bank, 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. A continuous involvement liability of \$0.2m was recognised. The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost. The Group has arrived to this conclusion because the factoring of the Group's B2B receivables before maturing is done on an infrequent basis. Furthermore, the Group continues to guarantee the late payment risk up to 180 days. The business model is, therefore, not impacted because the risks and rewards as existing prior to the factoring remain after the factoring.

The table below shows the balances of the major counterparties at the reporting dates:

	31 December 2019		31 December 2018	
	Credit rating	US\$ million	Credit rating	US\$ million
<b>Banks</b>				
Bank 1	AAAmf	56	A+	58
Bank 2	A+	49	Af	46
Bank 3	Ba1-	42	BB+	45
<b>Other government benefits receivable</b>				
Senegal government	B+	38	B+	30
Morocco government	BBB-	22	BBB-	27
Madagascar government	None available	10	None available	10
Guinea government	None available	7	None available	11
Botswana government	A-	3	A-	33

### 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.

US\$ million	31 December 2019					Total
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Borrowings <sup>1</sup>	225	81	85	211	–	<b>602</b>
Trade payables	1,161	89	7	–	–	<b>1,257</b>
Lease liabilities	6	17	20	44	90	<b>177</b>
Other liabilities <sup>2</sup>	49	24	18	4	130	<b>225</b>
<b>Total</b>	<b>1,441</b>	<b>211</b>	<b>130</b>	<b>259</b>	<b>220</b>	<b>2,261</b>

1 Borrowings exclude, as of 31 December 2019, the undrawn multi-currency revolving credit facility of \$236m (note 24).

2 Other liabilities (note 27) exclude the elements that do not qualify as financial instruments.

US\$ million	31 December 2018					Total
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Borrowings <sup>1</sup>	203	84	84	232	–	<b>603</b>
Trade payables	1,003	51	6	2	–	<b>1,062</b>
Lease liabilities	5	15	20	51	42	<b>133</b>
Other liabilities <sup>2</sup>	43	20	22	5	129	<b>219</b>
<b>Total</b>	<b>1,254</b>	<b>170</b>	<b>132</b>	<b>290</b>	<b>171</b>	<b>2,017</b>

1 Borrowings exclude, as of 31 December 2018, the undrawn multi-currency revolving credit facility of \$300m (note 24).

2 Other liabilities (note 27) exclude the elements that do not qualify as financial instruments.

### 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 BCEAO (XOF), the CFA Franc BEAC (XAF) as functional currencies that are 100% pegged to the Euro (EUR) and the Moroccan Dirham (MAD) and the Tunisian Dinar (TND) which are pegged to a basket of EUR and USD. 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 of the CVE, XAF 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: \$150m) (2018: \$124m), which mitigates the foreign currency risk arising from the revaluation of the subsidiaries' 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 3. FINANCIAL RISK MANAGEMENT CONTINUED

## 3.2 Financial risk factors (continued)

The amounts related to items designated as hedging instruments in the statement of financial position and the statement of comprehensive income were as follows:

US\$ million	Carrying amount			31 December 2019
	Nominal amount	Assets	Liabilities	Line item in the statement of financial position where the hedging instrument is included
Foreign exchange denominated debt	239	–	150	Borrowings
	Change in value used for calculating hedge for 2019	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	(3)	(3)	–	Not applicable

US\$ million	Carrying amount			31 December 2018
	Nominal amount	Assets	Liabilities	Line item in the statement of financial position where the hedging instrument is included
Foreign exchange denominated debt	175	–	124	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	(7)	(7)	–	Not applicable

## 3.3 Capital management

The Group's 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.

Liquidity and capital resources are monitored through a review of the Group's net debt position, leverage ratio and available short-term capital resources. 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. The leverage ratio is calculated as net debt divided by adjusted EBITDA. For details related to key covenants refer to note 24.

US\$ million	31 December 2019	31 December 2018
Long-term debt (note 24)	371	392
Lease liabilities (note 28)	125	111
<b>Total debt excluding short-term bank borrowings</b>	<b>496</b>	<b>503</b>
Short-term bank borrowings <sup>1</sup>	229	208
Less: cash and cash equivalents (note 20)	(517)	(393)
<b>Net debt</b>	<b>208</b>	<b>318</b>

<sup>1</sup> Short-term bank borrowings exclude the current portion of long-term debt.

US\$ million	31 December 2019	31 December 2018
Net debt	208	318
Adjusted EBITDA <sup>1</sup>	431	400
<b>Leverage ratio</b>	<b>0.48x</b>	<b>0.79x</b>

<sup>1</sup> For the description and reconciliation of non-GAAP measures refer to pages 42 and 43.

US\$ million	31 December 2019	31 December 2018
Cash and cash equivalents	517	393
Available undrawn credit facilities	1,410	1,281
<b>Available short-term capital resources</b>	<b>1,927</b>	<b>1,674</b>

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions in order to ensure sound capital management.

## 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-year 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 28.

#### 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 2019 are \$34m (2018: \$36m) 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.

#### Goodwill impairment assessment

The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.12. On 1 March 2019, the Group acquired 100% of Vivo Energy Overseas Holding Limited. The transaction added operations in eight new countries and over 200 Engen-branded service stations, expanding the Group's presence across 23 countries in Africa. As a result of the transaction, the Group recognised and allocated goodwill to the Engen Retail and Engen Commercial segments which represent the lowest level within the entity at which goodwill is monitored in the current year.

The recoverable amount of each cash generating unit (CGU) was determined based on a Fair Value Less Cost of Disposal calculation which was based upon cash flow projections from the five-year business plan prepared for each CGU. The terminal value was estimated based upon a perpetuity growth rate of 1.8%, reflecting an inflationary level of growth beyond the five-year plan. Post-tax discount rate of 15.9% was used to discount the projected cash flows.

Based upon the goodwill impairment test, goodwill is not impaired. No impairment would occur, if the post-tax discount rate applied to the cash flow projection of each CGU had been 1% higher than management estimates and all other assumptions remain unchanged. The Engen Retail and Engen Commercial segments would only result in an indication of impairment if the post-tax discount rates increased to 17.4% and 22.0%, respectively.

#### 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. A key element in the assessment of uncertainty of recoverability of government benefit receivables is the credit risk associated with these governments, this is considered in note 3.2.

#### Tax positions

The Group operates across many tax jurisdictions and the interpretation and application of tax law can be complex and requires judgement to assess the risk and estimate the potential outcomes. These outcomes can vary significantly from what has been provided. The Group recognises many individually immaterial provisions with a cumulative amount totalling \$27m related to income tax and \$33m related to indirect and other tax matters. These are recorded for the amount that is expected to be settled where this can be reasonably estimated. This reflects management's assessment of the expected value of such risks based on a multiple scenario outcome and likelihood. Factors considered include the status of recent current tax audits and enquiries; the results of previous claims; the transfer pricing policies of the Group and any changes to the relevant tax environments. The provision has increased this year as a result of a completed acquisition in 2019. The timing of the resolution of the risks is uncertain and may take many years, however is expected to be within the next five years.

## 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:

US\$ million	2019			
	Retail	Commercial	Lubricants	Consolidated
Revenue from external customers	5,249	2,678	375	<b>8,302</b>
Gross profit	411	192	72	<b>675</b>
Add back: depreciation and amortisation	43	22	3	<b>68</b>
Gross cash profit	454	214	75	<b>743</b>
Adjusted EBITDA	242	135	54	<b>431</b>

US\$ million	2018			
	Retail	Commercial	Lubricants	Consolidated
Revenue from external customers	4,860	2,325	364	<b>7,549</b>
Gross profit	393	163	69	<b>625</b>
Add back: depreciation and amortisation	35	18	2	<b>55</b>
Gross cash profit	428	181	71	<b>680</b>
Adjusted EBITDA	227	122	51	<b>400</b>

US\$ million	2019		2018
	Share of profit of joint ventures and associates included in segment EBITDA		
Lubricants		12	13
Retail		5	8
Commercial		5	7
<b>Total</b>		<b>22</b>	<b>28</b>

The amount of revenues from external customers by location of the customers is shown in the table below.

US\$ million	2019	2018
<b>Revenue from external customers by principal country</b>		
Morocco	1,476	1,561
Kenya	1,256	1,270
Ghana	571	603
Other	4,999	4,115
<b>Total</b>	<b>8,302</b>	<b>7,549</b>

US\$ million	31 December 2019	31 December 2018
<b>Non-current assets by principal country (excluding deferred tax)</b>		
The Netherlands	232	206
Morocco	208	187
Kenya	143	125
Other	988	718
<b>Total</b>	<b>1,571</b>	<b>1,236</b>

## 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 used in determining senior management remuneration.

US\$ million	2019	2018
<b>EBT</b>	<b>246</b>	<b>229</b>
Finance expense – net	64	47
<b>EBIT</b>	<b>310</b>	<b>276</b>
Depreciation, amortisation and impairment	106	90
<b>EBITDA</b>	<b>416</b>	<b>366</b>
<b>Adjustments to EBITDA related to special items:</b>		
IPO <sup>1</sup> and Engen acquisition related expenses <sup>2</sup>	11	29
Write-off of non-current asset <sup>3</sup>	3	–
Restructuring <sup>4</sup>	3	17
Management Equity Plan <sup>5</sup>	(2)	(12)
<b>Adjusted EBITDA</b>	<b>431</b>	<b>400</b>

1 IPO costs were incurred to list the Company on the London Stock Exchange Main Market and the Main Board of the JSE Limited by way of secondary inward listing. The decision to float and list the Company does not form part of the normal core operations of the business and is, therefore, treated as a special item.

2 On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Vivo Energy Overseas Holdings Limited (VEOHL) (formerly known as Engen International Holdings (Mauritius) Limited). The cost of the acquisition and the related integration project expenses are treated as special items.

3 The Group has recognised a write-off related to a government benefits receivable as a result of a retrospective price structure change by the government to finance their outstanding debt. Such retrospective changes of existing price structures are considered non-recurring and are not representative of the core operational business activities and performance for the period and are therefore, treated as special items.

4 In 2019 the Group acquired VEOHL, restructuring costs incurred were as a result of the integration of VEOHL into our business model. Restructuring cost in 2018 related to a specific cost optimisation programme that was significant in that year. The impact from these activities do not form part of the core operational business activities and performance and should, therefore, be treated as a special item in 2018 and 2019.

5 The Management Equity Plan vested at IPO in May 2018 and is exercisable on the first anniversary of admission for a period of 12 months, refer to note 31. This is therefore a re-occurring special item in 2018 and 2019. Changes in the fair value of the cash-settled share-based plan does not form part of the core operational business activities and performance and should, therefore, be treated as a special item. The costs of share-based payment schemes introduced after the IPO are not treated as special items.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 6. RECONCILIATION OF NON-GAAP MEASURES CONTINUED

US\$ million	2019	2018
<b>Net income</b>	<b>150</b>	<b>146</b>
<b>Adjustments to net income related to special items:</b>		
IPO <sup>1</sup> and Engen acquisition related expenses <sup>2</sup>	11	29
Write-off of non-current asset <sup>3</sup>	3	–
Restructuring <sup>4</sup>	3	17
Management Equity Plan <sup>5</sup>	(2)	(12)
Tax on special items	(3)	(2)
<b>Adjusted net income</b>	<b>162</b>	<b>178</b>
US\$	2019	2018
Diluted EPS	0.11	0.11
Impact of special items	0.01	0.03
<b>Adjusted diluted EPS</b>	<b>0.12</b>	<b>0.14</b>

- IPO costs were incurred to list the Company on the London Stock Exchange Main Market and the Main Board of the JSE Limited by way of secondary inward listing. The decision to float and list the Company does not form part of the normal core operations of the business and is, therefore, treated as a special item.
- On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Vivo Energy Overseas Holdings Limited (VEOHL) (formerly known as Engen International Holdings (Mauritius) Limited). The cost of the acquisition and the related integration project expenses are treated as special items.
- The Group has recognised a write-off related to a government benefits receivable as a result of a retrospective price structure change by the government to finance their outstanding debt. Such retrospective changes of existing price structures are considered non-recurring and are not representative of the core operational business activities and performance for the period and are therefore, treated as special items.
- In 2019 the Group acquired VEOHL, restructuring costs incurred were as a result of the integration of VEOHL into our business model. Restructuring cost in 2018 related to a specific cost optimisation programme that was significant in that year. The impact from these activities do not form part of the core operational business activities and performance and should, therefore, be treated as a special item in 2018 and 2019.
- The Management Equity Plan vested at IPO in May 2018 and is exercisable on the first anniversary of admission for a period of 12 months, refer to note 31. This is therefore a re-occurring special item in 2018 and 2019. Changes in the fair value of the cash-settled share-based plan does not form part of the core operational business activities and performance and should, therefore, be treated as a special item. The costs of share-based payment schemes introduced after the IPO are not treated as special items.

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 42-43 in the Strategic Report.

US\$ million, unless otherwise indicated	2019	2018
<b>Headline earnings per share</b>		
Net income attributable to owners	136	135
Re-measurements:		
Net gain on disposal of PP&E and intangible assets	–	(2)
Write-off of non-current asset <sup>1</sup>	3	–
Income tax on re-measurements	(1)	1
<b>Headline earnings</b>	<b>138</b>	<b>134</b>
Weighted average number of ordinary shares (million)	1,255	1,202
Headline EPS (US\$)	0.11	0.11
Diluted number of shares (million)	1,255	1,202
Diluted headline EPS (US\$)	0.11	0.11
<b>Effective tax rate</b>	<b>39%</b>	<b>36%</b>

- The Group has recognised a write-off related to a government benefits receivable as a result of a retrospective price structure change by the government to finance their outstanding debt. Such retrospective changes of existing price structures resulted in the re-measurement of an asset and is therefore excluded.



## 7. GENERAL AND ADMINISTRATIVE COST

### Employee benefits

US\$ million	2019	2018
Wages, salaries and other employee benefits	159	158
Restructuring, severance and other involuntary termination costs <sup>1</sup>	3	14
Retirement benefits	7	7
Share-based payment expense	(1)	(3)
	<b>168</b>	<b>176</b>

<sup>1</sup> Total restructuring costs amount to \$3m (2018: \$17m) of which some elements are reflected in other employee benefits categories.

Included in the employee benefit expense for the year ended 31 December 2019, was social security expense of \$1m (2018: \$2m) and other pension costs relating to employees employed in the UK. Refer to note 3 in the Company financial statements.

Employee benefits have been charged in:

US\$ million	2019	2018
General and administrative cost	96	102
Selling and marketing cost	39	42
Cost of sales	33	32
	<b>168</b>	<b>176</b>

The monthly average number of full-time equivalent employees were as follows:

	2019	2018
Sales and distribution	1,845	1,702
Administration and support	755	657
	<b>2,600</b>	<b>2,359</b>

### Depreciation and amortisation

Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets are separately disclosed in note 12, 13 and 28 respectively.

### Audit fees

US \$'000	2019	2018
Parent company and consolidated financial statements	1,656	1,036
Subsidiaries <sup>1</sup>	1,383	705
<b>Audit fees<sup>2</sup></b>	<b>3,039</b>	<b>1,741</b>
Audit-related fees <sup>3</sup>	692	1,119
Tax advisory fees	5	17
Tax compliance fees	–	28
Other assurance services <sup>4</sup>	193	1,925
Other non-audit services	11	–
<b>Other fees total</b>	<b>901</b>	<b>3,089</b>
<b>Total fees</b>	<b>3,940</b>	<b>4,830</b>

<sup>1</sup> Audit fees for foreign entities are expressed at the average exchange rate for the year.

<sup>2</sup> Audit fees in 2019 comprise fees for the business combination in relation to the VEOHL acquisition and the SAP S/4HANA implementation.

<sup>3</sup> Audit-related fees relate to interim financial statements reviews.

<sup>4</sup> Other assurance services relate mainly to comfort letter procedures and volume certificates to support brand royalty expenses.

## 8. OTHER INCOME/(EXPENSE)

US\$ million	2019	2018
Net gain on disposals of PP&E and intangible assets	–	2
Gain/(loss) on financial instruments	1	(1)
Other income	1	2
	<b>2</b>	<b>3</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 9. FINANCE INCOME AND EXPENSE

US\$ million	2019	2018
<b>Finance expense</b>		
Interest on bank and other borrowings and on lease liabilities <sup>1</sup>	(35)	(27)
Interest on long-term debt including amortisation of set-up fees	(24)	(19)
Net impact of hyperinflation <sup>2</sup>	(5)	–
Accretion expense net defined benefit liability	(2)	(2)
Foreign exchange loss	(1)	(2)
Other	(4)	(3)
	<b>(71)</b>	<b>(53)</b>
<b>Finance income</b>		
Interest from cash and cash equivalents	7	6
	<b>7</b>	<b>6</b>
<b>Finance expense – net</b>	<b>(64)</b>	<b>(47)</b>

<sup>1</sup> Includes an amount of \$11m (2018: \$10m) finance expense for leases in respect to IFRS 16 'Leases'.

<sup>2</sup> Represents the net non-monetary loss impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Refer to note 2.6.

## 10. INCOME TAXES

## Current income taxes

Analysis of income tax expense:

US\$ million	2019	2018
<b>Current tax</b>		
Current income tax	(95)	(77)
Current income tax prior years	(2)	(2)
	<b>(97)</b>	<b>(79)</b>
<b>Deferred tax</b>		
Deferred income tax	1	(3)
Deferred income tax prior years	–	(1)
	<b>1</b>	<b>(4)</b>
<b>Income tax expense</b>	<b>(96)</b>	<b>(83)</b>

The reconciliation of income taxes, computed at the statutory tax rate, to income tax expense was as follows:

US\$ million	2019	2018 <sup>1</sup>
EBT	246	229
Statutory tax rate	19%	19%
Income tax expense at statutory tax rate	(47)	(44)
Increase/(decrease) resulting from:		
Impact of tax rates in foreign jurisdictions	(23)	(21)
Income not subject to tax	7	10
Expenses not tax deductible	(11)	(10)
Non-recognition of tax benefits in relation to current period tax losses or temporary differences	(5)	(3)
Recognition and utilisation of previously unrecognised tax losses or temporary differences <sup>2</sup>	6	–
Withholding tax	(19)	(21)
Other <sup>3</sup>	(4)	6
<b>Income tax expense</b>	<b>(96)</b>	<b>(83)</b>
<b>Effective tax rate</b>	<b>39%</b>	<b>36%</b>

<sup>1</sup> Prior year comparatives were reclassified to provide a consistent presentation to 2019.

<sup>2</sup> \$1m is recognised after the business acquisition and is supported by developments in the acquired markets.

<sup>3</sup> Amongst others includes movements related to uncertain tax positions.

### Deferred income taxes

The significant components of the Company's recognised deferred income tax assets and liabilities were as follows:

US\$ million	31 December 2019		31 December 2018	
	Asset	Liability	Asset	Liability
Property, plant and equipment	1	(31)	1	(17)
Intangible assets	–	(23)	–	(21)
Retirement benefits	9	(1)	9	(1)
Provisions	17	(2)	27	–
Withholding taxes	–	(15)	–	(16)
Tax losses carried forward <sup>1</sup>	12	–	1	–
Other	17	(16)	13	(11)
	<b>56</b>	<b>(88)</b>	<b>51</b>	<b>(66)</b>
Offsetting of balances	(22)	22	(15)	15
<b>Total</b>	<b>34</b>	<b>(66)</b>	<b>36</b>	<b>(51)</b>

<sup>1</sup> The recognised deferred tax asset relates to \$8m tax losses which is supported by expected future taxable profits (2018: Nil).

The changes in the net deferred income tax assets and liabilities were as follows:

US\$ million	2019	2018
<b>Balance at the beginning of year, net</b>	(15)	(9)
In profit	1	(4)
In other comprehensive income	(1)	(1)
Business acquisition	(19)	–
Other	1	(2)
Foreign exchange differences	1	1
	<b>(32)</b>	<b>(15)</b>

Unrecognised deferred tax assets relate to carry forward losses of \$93m (2018: \$86m) and tax credit carry forwards of \$4m (2018: Nil). Of the unrecognised carry forward losses \$11m will expire at the end of 2021, \$15m at the end of 2022, \$21m at the end of 2023 and \$46m at the end of 2024 or later.

The unrecognised taxable temporary differences associated with undistributed retained earnings of investments in subsidiaries, joint ventures and associates amounts to \$20m (2018: \$7m).

## II. BUSINESS COMBINATION

On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the shares in Vivo Energy Overseas Holding Limited (VEOHL), a retailer and marketer of Engen-branded fuels and lubricants in Africa. VEOHL 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. In the comparative period in the 2018 year, there were no business combination transactions.

The transaction with VEOHL added operations in eight new countries and over 200 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. VEOHL's Kenya operations, a market in which the Group currently operates, is the ninth country included in the transaction. The acquisition is considered to have increased the Group's market share, making it the largest pan-African independent network, and will reduce costs through economies of scale.

VEOHL was acquired for a purchase consideration of \$177m. The consideration was paid by a share issuance of 63 million ordinary shares measured at the market price of the company's shares as listed on the London Stock Exchange on 1 March 2019, amounting to \$113m and a \$64m cash settlement. This has resulted in Engen Holdings (Pty) Limited holding a circa 5% shareholding in the Group.

US\$ million	1 March 2019
Cash	64
Ordinary shares issued	113
<b>Total purchase consideration</b>	<b>177</b>

Acquisition-related costs of \$9m not directly attributable to the issuance of shares are included in general and administrative expenses in profit or loss and in operating cash flows in the statement of cash flows.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## II. BUSINESS COMBINATION CONTINUED

In accordance with the requirements of IFRS 3 (revised) 'Business combinations', the initial accounting for the VEOHL business combination is incomplete, as additional information necessary to identify and measure assets and liabilities is being received. Accordingly, the amounts recognised in the financial statements are provisional as at 31 December 2019.

The following table summarises the preliminary values of identifiable assets acquired and liabilities assumed with the acquisition of VEOHL, as at the acquisition date:

US\$ million	1 March 2019
Property, plant and equipment	149
Right-of-use assets	16
Intangible assets	25
Investments in joint ventures and associates	2
Other assets <sup>1</sup>	35
Deferred tax asset	1
Inventories	64
Trade receivables	71
Cash and cash equivalents	52
Lease liabilities	(16)
Trade payables	(146)
Borrowings	(27)
Provisions	(33)
Other liabilities	(29)
Income tax payables	(20)
Deferred tax liabilities	(20)
<b>Net identifiable assets</b>	<b>124</b>
Less: Non-controlling interest (NCI) <sup>2</sup>	(12)
Add: Goodwill	65
<b>Net assets acquired</b>	<b>177</b>

<sup>1</sup> Included in other assets is an indemnification asset of \$6m.

<sup>2</sup> The non-controlling interest has been measured at its proportionate share of the net identifiable assets in VEOHL.

US\$ million	Goodwill
<b>Opening balance 1 March 2019</b>	<b>64</b>
Changes to provisional assets and liabilities <sup>1</sup>	1
Foreign exchange differences <sup>2</sup>	(3)
<b>Closing balance 31 December 2019</b>	<b>62</b>

<sup>1</sup> Update of opening balance assessment of assets and liabilities during the measurement period.

<sup>2</sup> Foreign exchange differences include a positive \$6m impact from application of IAS 29 'Financial Reporting in Hyperinflationary Economies'.

Goodwill can be attributed to future synergies to be derived through the acquisition and the business knowledge and technical skills of the acquired workforces. Future synergies are expected through increased market penetration and expansion as well as improved profitability from operating under the Vivo Energy business model.

**Acquisition contribution to the business**

VEOHL contributed revenues of \$860m and a net income of \$12m to the Group for the period 1 March 2019 to 31 December 2019. Had the acquisition occurred at 1 January 2019 revenue for the year 2019 would be \$1,032m and net income would be circa \$15m.

At acquisition contingent liabilities of \$8m were recognised at fair value. These contingencies relate to ongoing legal claims of VEOHL and its subsidiaries. The Group has identified contingent assets to the value of \$1m in relation to legal action ongoing at acquisition date.

The fair value of trade receivables at acquisition was \$71m. The gross contractual amount was \$81m, of which \$10m is expected to be uncollectible.

## 12. PROPERTY, PLANT AND EQUIPMENT

					2019
US\$ million	Land	Buildings	Machinery and other equipment	Construction in progress	Total
<b>Cost at 1 January 2019</b>	<b>33</b>	<b>229</b>	<b>453</b>	<b>68</b>	<b>783</b>
Additions	–	6	25	93	124
Business acquisition <sup>1</sup>	22	71	61	9	163
Disposals	–	(4)	(29)	–	(33)
Transfers	1	24	53	(78)	–
Foreign exchange differences <sup>2</sup>	(1)	(7)	(11)	–	(19)
<b>Cost at 31 December 2019</b>	<b>55</b>	<b>319</b>	<b>552</b>	<b>92</b>	<b>1,018</b>
<b>Accumulated depreciation at 1 January 2019</b>	<b>–</b>	<b>(43)</b>	<b>(118)</b>	<b>–</b>	<b>(161)</b>
Depreciation	–	(16)	(56)	–	(72)
Disposals	–	3	28	–	31
Foreign exchange differences <sup>2</sup>	–	2	5	–	7
<b>Accumulated depreciation at 31 December 2019</b>	<b>–</b>	<b>(54)</b>	<b>(141)</b>	<b>–</b>	<b>(195)</b>
<b>Net carrying value at 31 December 2019</b>	<b>55</b>	<b>265</b>	<b>411</b>	<b>92</b>	<b>823</b>

1 Includes PP&E recognised on acquisition of VEOHL of \$149m.

2 Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Refer to note 2.6.

					2018
US\$ million	Land	Buildings	Machinery and other equipment	Construction in progress	Total
<b>Cost at 1 January 2018</b>	<b>32</b>	<b>201</b>	<b>428</b>	<b>77</b>	<b>738</b>
Additions	–	8	16	96	120
Disposals	–	(5)	(38)	–	(43)
Transfers to right-of-use asset	–	–	(12)	–	(12)
Transfers	2	30	71	(103)	–
Foreign exchange differences	(1)	(5)	(12)	(2)	(20)
<b>Cost at 31 December 2018</b>	<b>33</b>	<b>229</b>	<b>453</b>	<b>68</b>	<b>783</b>
<b>Accumulated depreciation at 1 January 2018</b>	<b>–</b>	<b>(36)</b>	<b>(116)</b>	<b>–</b>	<b>(152)</b>
Depreciation	–	(13)	(47)	–	(60)
Disposals	–	5	38	–	43
Transfers to right-of-use asset	–	–	4	–	4
Foreign exchange differences	–	1	3	–	4
<b>Accumulated depreciation at 31 December 2018</b>	<b>–</b>	<b>(43)</b>	<b>(118)</b>	<b>–</b>	<b>(161)</b>
<b>Net carrying value at 31 December 2018</b>	<b>33</b>	<b>186</b>	<b>335</b>	<b>68</b>	<b>622</b>

No assets have been pledged as security. Depreciation charge of \$72m (2018: \$60m) is included in cost of sales for \$64m (2018: \$52m), in selling and marketing cost for \$1m (2018: \$1m) and in general and administrative cost for \$7m (2018: \$7m).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 13. INTANGIBLE ASSETS

US\$ million					2019
	Shell licence agreement	Goodwill	Computer software	Other	Total
<b>Cost at 1 January 2019</b>	<b>143</b>	<b>21</b>	<b>51</b>	<b>32</b>	<b>247</b>
Additions	–	–	25	–	<b>25</b>
Business acquisition	–	65	–	25	<b>90</b>
Foreign exchange differences <sup>1</sup>	(4)	(5)	(1)	–	<b>(10)</b>
<b>Cost at 31 December 2019</b>	<b>139</b>	<b>81</b>	<b>75</b>	<b>57</b>	<b>352</b>
<b>Accumulated amortisation at 1 January 2019</b>	<b>(77)</b>	<b>–</b>	<b>(16)</b>	<b>(20)</b>	<b>(113)</b>
Amortisation	(5)	–	(3)	(5)	<b>(13)</b>
<b>Accumulated amortisation at 31 December 2019</b>	<b>(82)</b>	<b>–</b>	<b>(19)</b>	<b>(25)</b>	<b>(126)</b>
<b>Net carrying value at 31 December 2019</b>	<b>57</b>	<b>81</b>	<b>56</b>	<b>32</b>	<b>226</b>

<sup>1</sup> Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Refer to note 2.6.

US\$ million					2018
	Shell licence agreement	Goodwill	Computer software	Other	Total
<b>Cost at 1 January 2018</b>	<b>145</b>	<b>21</b>	<b>25</b>	<b>33</b>	<b>224</b>
Additions	–	–	27	–	<b>27</b>
Disposals	–	–	(1)	–	<b>(1)</b>
Foreign exchange differences	(2)	–	–	(1)	<b>(3)</b>
<b>Cost at 31 December 2018</b>	<b>143</b>	<b>21</b>	<b>51</b>	<b>32</b>	<b>247</b>
<b>Accumulated amortisation at 1 January 2018</b>	<b>(72)</b>	<b>–</b>	<b>(14)</b>	<b>(18)</b>	<b>(104)</b>
Amortisation	(5)	–	(3)	(3)	<b>(11)</b>
Foreign exchange differences	–	–	1	1	<b>2</b>
<b>Accumulated amortisation at 31 December 2018</b>	<b>(77)</b>	<b>–</b>	<b>(16)</b>	<b>(20)</b>	<b>(113)</b>
<b>Net carrying value at 31 December 2018</b>	<b>66</b>	<b>21</b>	<b>35</b>	<b>12</b>	<b>134</b>

Amortisation charge of \$13m (2018: \$11m) is included in cost of sales for \$1m (2018: Nil), selling and marketing cost for \$9m (2018: \$9m) and general and administrative cost for \$3m (2018: \$2m).

**Impairment test for goodwill**

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the CGUs was determined based on Fair Value Less Cost of Disposal and Value-in-Use calculations which require the use of assumptions. The calculations use cash flow projections based on an approved business plan covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rate shown below. The terminal value was calculated using the Gordon Growth formula.

In the year of acquisition the goodwill generated from the Engen acquisition is monitored by management at the level of Engen Retail (\$39m) and Engen Commercial (\$23m). These are subunits of the operating segments identified in note 5 and represent the units that are expected to benefit from the synergies of the combination. The remaining goodwill consists of amounts not significant in comparison to the total carrying amount.

In future years goodwill will be monitored at the operating segment level as defined in note 5 on a non-aggregated basis, as the monitoring of the Engen business is incorporated into the overall monitoring of the Vivo Energy segments.

The following tables sets out the key assumptions for those CGUs that have a significant goodwill allocated to them:

	2019 <sup>1</sup>	
	Engen Retail	Engen Commercial
Revenue growth compounded annual growth rate	10.4%	8.7%
Gross margin compounded annual growth rate	13.4%	6.9%
Post-tax discount rate	15.9%	15.9%
Long-term growth rate	1.8%	1.8%

<sup>1</sup> Assumptions presented relate to the goodwill test for the recognised goodwill in connection with the 2019 Engen acquisition, therefore, no comparative information is presented.

The methodology applied to each of the key assumptions used is as follows:

Assumptions	Approach used to determine values
Revenue growth	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.
Post-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.
Long-term growth rate	Management assumes the US dollar long-term inflation of 1.8%. The rate is consistent with forecasts included in economic reports.

The Group considers the post-tax discount rate to be the most sensitive assumption. No impairment would occur, if the post-tax discount rate applied to the cash flow projection of each CGU had been 1% higher than management estimates and all other assumptions in the table above are unchanged. Goodwill in relation to the Retail and Commercial segments would only result in an indication of impairment if the post-tax discount rates increased to 17.4% and 22.0%, respectively.

#### 14. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group also has interests in a number of associates and joint ventures that are accounted for using the equity method. A comprehensive listing of the Group's joint ventures and associates can be found in note 15 of the Company financial statements.

US\$ million	2019	2018
<b>At 1 January</b>	<b>223</b>	<b>219</b>
Acquisition of businesses	5	1
Share of profit	22	28
Dividend received	(22)	(23)
Foreign exchange differences	(1)	(2)
<b>At 31 December</b>	<b>227</b>	<b>223</b>

In December 2017, the Group acquired a 50% interest in 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. 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 table below provides summarised financial information for the carrying amount of the investment in SVL.

US\$ million	2019	2018
<b>At 1 January</b>	<b>163</b>	<b>160</b>
Share of profit	12	13
Dividend received	(11)	(10)
<b>At 31 December</b>	<b>164</b>	<b>163</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 14. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES CONTINUED

The total assets of SVL as per 31 December 2019 are \$241m (2018: \$234m), of which \$156m (2018: \$153m) relate to current (including cash and cash equivalents of \$28m (2018: \$23m)) and \$85m (2018: \$81m) to non-current assets. The current liabilities are \$89m (2018: \$79m) (including borrowings of \$21m (2018: \$21m)) and non-current liabilities of \$6m (2018: \$6m). The revenue for the year ending 31 December 2019 was \$281m (2018: \$287m), and profit after income tax was \$21m (2018: \$22m). Other comprehensive loss, net of tax, for the year amounted to \$1m (2018: \$1m). The 2019 profit includes amortisation and depreciation of \$8m (2018: \$8m), net finance expense of \$1m (2018: \$2m) and income tax expense of \$9m (2018: \$7m).

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.

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

US\$ million	2019	2018
<b>At 1 January</b>	<b>8</b>	<b>6</b>
Fair value adjustment		
Foreign exchange differences	–	
<b>At 31 December</b>	<b>9</b>	<b>8</b>

Financial assets at fair value through other comprehensive income relate to the Group's investment in Société de Gestion des Stocks Pétroliers de Côte d'Ivoire S.A. (GESTOCI) in which it holds an interest of circa 17%. The Group does not have significant influence or joint control in the investee. The investment is not held for trading and not a contingent consideration recognised by an acquirer in a business combination, therefore, at initial recognition the Group has elected to account for the investment at fair value through other comprehensive income.

No dividends were received from GESTOCI in 2018 and 2019. 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.

## 16. 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 \$(3)m (2018: \$3m). The net loss of \$6m on the changes in the fair value of these financial assets and financial liabilities have been recognised in profit and loss (2018: net gain of \$4m). Other financial assets and liabilities at fair value through other comprehensive income are categorised as level 2 of the fair value hierarchy. There have been no transfers between any levels during the year.

The specific valuation techniques used to value financial instruments that are carried at fair value using level 2 techniques are:

- The fair value of interest hedge contracts is calculated as the present value of the estimated future cash flows based on current market data provided by third party banks; and
- The fair value of forward foreign exchange contracts is calculated by comparison with current forward prices of contracts for comparable remaining terms.

## 17. OTHER ASSETS

US\$ million	31 December 2019	31 December 2018
Prepayments	99	109
Other government benefits receivable <sup>2</sup>	92	123
VAT and duties receivable	61	31
Amounts due from dealers and joint ventures	33	27
Indemnification asset on legal and tax claims	13	10
Deposits	13	11
Employee loans	7	8
Other <sup>3</sup>	49	37
	<b>367</b>	<b>356</b>
Current	257	255
Non-current	110	101
	<b>367</b>	<b>356</b>

1 Prior year comparatives were reclassified to provide a consistent presentation to 2019.

2 Refer to note 3.2.

3 The amount mainly comprises of other non-current receivables.



### Other government benefits receivable

US\$ million	31 December 2019	31 December 2018
Senegal	38	30
Morocco	22	27
Madagascar	10	10
Guinea	7	11
Botswana	3	33
Other	12	12
	<b>92</b>	<b>123</b>

Other government benefits receivable are presented net of provisions for impairment of \$18m (2018: \$15m). For the year \$133m (2018: \$220m) of other government benefits was recognised in cost of sales for compensation of costs incurred.

### 18. INVENTORIES

US\$ million	31 December 2019	31 December 2018
Fuel	436	364
Lubricants	79	70
Other	2	7
	<b>517</b>	<b>441</b>

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 \$7,379m (2018: \$6,719m). The carrying value of inventory represents the net realisable value.

Provisions for write-downs of inventories to the net realisable value amounted to \$7m (2018: \$5m).

### 19. TRADE RECEIVABLES

Trade receivables were as follows, as at:

US\$ million	31 December 2019	31 December 2018
Trade receivables	506	485
Less: provision for impairment of trade receivables	(55)	(41)
<b>Trade receivables – net</b>	<b>451</b>	<b>444</b>

The fair values of trade receivables approximate their carrying value as they are deemed short-term in nature and recoverable within 12 months.

Movements in provision for impairment of trade receivables are as follows:

US\$ million	2019	2018
<b>At 1 January</b>	<b>41</b>	<b>40</b>
Additions <sup>1</sup>	22	6
Reversals	(4)	(4)
Utilisation	(2)	–
Foreign exchange differences	(2)	(1)
<b>At 31 December</b>	<b>55</b>	<b>41</b>

<sup>1</sup> Additions in 2019 include an amount of \$10m related to acquired assets of VEOHL.

As at 31 December 2019 trade receivables of \$33m (2018: \$29m) were past due but not impaired. The aging of these trade receivables is as follows:

US\$ million	31 December 2019	31 December 2018
Up to 3 months past due	23	21
3 to 6 months past due	6	2
More than 6 months past due	4	6
	<b>33</b>	<b>29</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 20. CASH AND CASH EQUIVALENTS

US\$ million	31 December 2019	31 December 2018
Cash	348	173
Cash equivalents:		
Short-term placements	65	214
Money market funds and other cash equivalents	104	6
	<b>517</b>	<b>393</b>

## 21. SHARE CAPITAL AND RESERVES

Share capital consists of 1,266,073,050 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. 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.

In May 2018, a pre-IPO reorganisation resulted in Vivo Energy plc being inserted as the parent company of the Group. Pursuant to a share exchange agreement, the shareholders of Vivo Energy Holding B.V. (the former parent company of the Group) transferred all the shares in Vivo Energy Holding B.V. to Vivo Energy plc in exchange for the issue and allotment of new ordinary shares in Vivo Energy plc. Vivo Energy plc issued 1,200m ordinary shares at a nominal value of \$1.50 and for a total consideration of \$1,800m. Following the share exchange, the shareholders of Vivo Energy plc were the same as the shareholders of Vivo Energy Holding B.V. prior to the exchange. The investment in Vivo Energy Holding B.V. was recognised at cost for an amount of \$464m in the Company financial statements of Vivo Energy plc. The difference between the consideration of \$1,800m and the Vivo Energy Holding B.V. investment value of \$464m is recognised as negative merger reserve (\$1,336m).

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.

	2019		2018	
	Number of shares	US\$ million	Number of shares	US\$ million
Ordinary shares				
<b>At 1 January</b>	1,201,798,866	601	2,250,000	–
Reorganisation	–	–	(2,250,000)	–
Capital contribution/shares issued	63,203,653	31	1,200,000,000	1,800
Share issuance related to share awards/Directors' subscriptions	1,070,531	1	1,798,866	3
Capital reduction	–	–	–	(1,202)
<b>At 31 December</b>	<b>1,266,073,050</b>	<b>633</b>	<b>1,201,798,866</b>	<b>601</b>

## 22. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows:

US\$ million, unless otherwise indicated	2019	2018
<b>Basic earnings per share</b>		
Net income	150	146
Attributable to owners	136	135
Weighted average number of ordinary shares (million)	1,255	1,202
<b>Basic earnings per share (US\$)</b>	<b>0.11</b>	<b>0.11</b>

US\$ million, unless otherwise indicated	2019	2018
<b>Diluted earnings per share</b>		
Earnings attributable to owners	136	135
Diluted number of shares (million)	1,255	1,202
<b>Diluted earnings per share (US\$)</b>	<b>0.11</b>	<b>0.11</b>

US\$	2019	2018
<b>Adjusted diluted earnings per share</b>		
Diluted earnings per share	0.11	0.11
Impact of special items	0.01	0.03
<b>Adjusted diluted earnings per share</b>	<b>0.12</b>	<b>0.14</b>

### 23. DIVIDENDS

The Board approved an interim dividend of circa 1.1 cents per share. This dividend was paid on 23 September 2019 to shareholders of record at close of business on 23 August 2019. The dividend was paid out of distributable reserves as at 30 June 2019.

The Board has recommended a final dividend of circa 2.7 cents per share, amounting to \$34m. Payment of this dividend is expected on 8 June 2020 to shareholders of record at close of business on 15 May 2020. The dividend will be paid out of distributable reserves as at 31 December 2019.

US\$ million	2019	2018
Interim dividend	14	8
Final dividend	34	16
<b>Total</b>	<b>48</b>	<b>24</b>

### 24. BORROWINGS

US\$ million	Drawn on	Interest rate	Maturity	31 December 2019	31 December 2018
VEI BV Term Loan <sup>1</sup>	09/06/2017	Libor +2.50%/3.00%	09/06/2022	308	392
VEI BV Revolving Credit Facility <sup>2</sup>	27/02/2019	Euribor +1.50%/1.85%		63	–
Bank borrowings				229	208
				<b>600</b>	<b>600</b>
Current				306	286
Non-current				294	314
				<b>600</b>	<b>600</b>

<sup>1</sup> The amounts are net of financing costs. Loan amount is \$310m (2018: \$395m); financing costs are \$2m (2018: \$3m).

<sup>2</sup> The amount includes financing costs of circa \$1m.

Current borrowings consist of bank borrowings which carry interest rates between 1.8% and 18.0% per annum. Included in bank borrowings is an amount of \$17m (2018: \$32m) 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 +2.5% 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 +3.0% for the bullet portion.

In May 2018, the Company established a new multi-currency revolving credit facility of \$300m. At the end of February 2019, an amount of \$64m was drawn to pay for VEOHL acquisition.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 24. BORROWINGS CONTINUED

The tables below provides an analysis of cash and non-cash movements in borrowings for the period:

US\$ million			2019
	Long-term debt	Bank borrowings	Total
<b>1 January</b>	<b>392</b>	<b>208</b>	<b>600</b>
Proceeds from long-term debt	62	–	<b>62</b>
Repayment of long-term debt	(82)	–	<b>(82)</b>
Proceeds/repayment of bank borrowings	–	1	<b>1</b>
Borrowings acquired in acquisition of business <sup>1</sup>	–	27	<b>27</b>
Foreign exchange movements	(3)	(7)	<b>(10)</b>
Other <sup>2</sup>	2	–	<b>2</b>
<b>31 December</b>	<b>371</b>	<b>229</b>	<b>600</b>

1 Represents the borrowings acquired through the acquisition of VEOHL as at 1 March 2019.

2 Other changes include financing costs.

US\$ million			2018
	Long-term debt	Bank borrowings	Total
<b>1 January</b>	<b>480</b>	<b>175</b>	<b>655</b>
Repayment of long-term debt	(84)	–	<b>(84)</b>
Proceeds/repayment of bank borrowings	–	40	<b>40</b>
Foreign exchange movements	(7)	(6)	<b>(13)</b>
Other <sup>1</sup>	3	(1)	<b>2</b>
<b>31 December</b>	<b>392</b>	<b>208</b>	<b>600</b>

1 Other changes include financing costs.

**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 key covenants were breached in the last applicable period.

## 25. PROVISIONS

Provisions include the following:

US\$ million	31 December 2019	31 December 2018
Provisions	85	61
Retirement benefit obligations (note 26)	31	29
	<b>116</b>	<b>90</b>
Current	14	15
Non-current	102	75
	<b>116</b>	<b>90</b>

US\$ million				2019
	Compulsory stock obligation	Legal provision	Other	Total
<b>At 1 January</b>	<b>22</b>	<b>4</b>	<b>35</b>	<b>61</b>
Provision recognised on business acquisition <sup>1</sup>	–	8	23	<b>31</b>
Additions	–	–	10	<b>10</b>
Utilisation	–	–	(6)	<b>(6)</b>
Releases	(1)	–	(6)	<b>(7)</b>
Foreign exchange differences	–	–	(4)	<b>(4)</b>
<b>At 31 December</b>	<b>21</b>	<b>12</b>	<b>52</b>	<b>85</b>
Current	–	12	2	<b>14</b>
Non-current	21	–	50	<b>71</b>
	<b>21</b>	<b>12</b>	<b>52</b>	<b>85</b>

<sup>1</sup> Provisions recognised on business acquisition of VEOHL was \$33m (refer to note 11) of which \$2m related to retirement benefit obligations (refer to note 26).

### Compulsory stock obligation provision

The oil market regulator in Morocco introduced an industry mechanism to enable oil market operators to maintain the necessary compulsory stock volume requirement. This resulted in an oil fund liability, which is an amount payable to the Moroccan oil fund regulator in relation to the compulsory stock reserve requirement introduced in 1994. The oil fund liability is recorded under other liabilities. Since 1 December 2015 Morocco operates in a deregulated fuel environment therefore the compulsory stock 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. As at 31 December 2019, 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 payout 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 2019.

### 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. Other provisions relate mainly to employee related provisions of \$8m (2018: \$15m) and provisions for uncertain tax positions of \$29m (2018: \$9m).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 26. RETIREMENT BENEFITS

The Group operates defined benefit plans in multiple African countries, which include Cape Verde, Ghana, Guinea, Côte d'Ivoire, Mauritius, Morocco, Namibia, Senegal and Tunisia. The plans operated in Cape Verde, Mauritius, Morocco, Tunisia and Senegal combined present approximately 80% of the total liability for the Company. The valuations are carried out in line with the regulatory requirements in each country considering the requirements under IAS 19 'Employee Benefits'. The plans offered in these countries differ in nature and consist of medical plans, pension plans, retirement indemnities, jubilees and long service award plans. These plan benefits are linked to final salary and benefit payments are met as they fall due. The exception to this is one of the plans in Mauritius, which operates as a funded plan, with a funding level of approximately 91% at 31 December 2019. Plan assets are held in vehicles with standard investment risk, following a balanced investment strategy, split between equities, government bonds and asset-backed securities. The plan has been closed to future accrual from 31 December 2014 onwards. However, the link to final salaries is being maintained for in-service employees.

US\$ million	2019	2018
Current service cost	1	1
Accretion expense	2	2
	<b>3</b>	<b>3</b>

US\$ million	2019	2018
Defined benefit plans	3	3
Defined contribution plans	6	6
<b>Total retirement benefit costs</b>	<b>9</b>	<b>9</b>

US\$ million	31 December 2019	31 December 2018
Consolidated statements of financial position obligations for:		
Pension benefits	26	25
Other post-employment benefits	5	4
<b>Total liability</b>	<b>31</b>	<b>29</b>

The amounts recognised in the consolidated statements of financial position are determined as follows:

US\$ million	31 December 2019	31 December 2018
Present value of funded obligations	(13)	(13)
Fair value of plan assets	11	12
<b>Funded status of funded benefit obligations (net liability)</b>	<b>(2)</b>	<b>(1)</b>
Present value of unfunded obligation	(24)	(24)
<b>Unfunded status end of year (net liability)</b>	<b>(26)</b>	<b>(25)</b>
<b>Net defined benefit obligation</b>	<b>(26)</b>	<b>(25)</b>

The movements in the defined benefit obligation for funded and unfunded post-employment defined benefits over the year are as follows:

US\$ million	2019			2018		
	Pension benefits	Other	Total	Pension benefits	Other	Total
<b>At 1 January</b>	<b>37</b>	<b>4</b>	<b>41</b>	<b>41</b>	<b>4</b>	<b>45</b>
Current service costs	1	–	1	1	–	1
Benefits paid	(3)	–	(3)	(3)	–	(3)
Interest costs	2	–	2	2	–	2
(Gains)/losses from change in financial assumptions	1	–	1	–	–	–
Actuarial (gains)/losses	–	–	–	(2)	–	(2)
Retirement benefit obligations recognised on acquisition	–	2	2	–	–	–
Foreign exchange differences	(1)	(1)	(2)	(2)	–	(2)
<b>At 31 December</b>	<b>37</b>	<b>5</b>	<b>42</b>	<b>37</b>	<b>4</b>	<b>41</b>

The plan assets shown above are invested in equities \$5m (2018: \$8m), government bonds \$3m (2018: \$3m), corporate bonds \$3m (2018: \$0.5m) and cash and cash equivalent \$0.1m (2018: \$0.1m).

The movements in the fair value of plan assets over the year are as follows:

US\$ million	2019		2018	
	Pension benefits	Total	Pension benefits	Total
<b>At 1 January</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>11</b>
Interest income	1	1	1	1
Employer contributions	2	2	3	3
Benefits paid	(3)	(3)	(3)	(3)
Foreign exchange differences	(1)	(1)	–	–
<b>At 31 December</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>12</b>

The sensitivity of the defined benefit obligation to changes in weighted principal assumptions is:

	31 December 2019	Assumptions used	Effect of using alternative assumptions	
		31 December 2018	Range of assumptions	Increase/(decrease)
Rate of increase in pensionable remuneration	4.34%	4.43%	0.50% – (0.50%)	2.49% – (2.33%)
Rate of increase in pensions in payment	2.26%	2.27%	0.50% – (0.50%)	1.48% – (1.37%)
Rate of increase in healthcare costs	9.72%	9.88%	0.50% – (0.50%)	4.08% – (3.76%)
Discount rate for pension plans	5.84%	5.98%	0.50% – (0.50%)	(4.89%) – 5.33%
Discount rate for healthcare plans	13.81%	13.71%	0.50% – (0.50%)	(5.53%) – 6.15%
Expected age at death for persons aged 60:				
Men	79.74	79.73		
Women	83.65	83.56		

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 26. RETIREMENT BENEFITS CONTINUED

The principal actuarial assumptions were as follows:

	2019								
	Tunisia	Senegal	Cape Verde	Mauritius	Morocco	Côte d'Ivoire	Guinea	Namibia	Ghana
Discount rate	9.25%	10.00%	4.00%	5.25%	3.25%	6.00%	13.50%	11.30%	15.00%
Inflation rate	4.50%	1.50%	2.00%	2.80%	n/a	n/a	n/a	7.40%	10.00%
Future salary increases	6.00%	3.00%	2.00%	2.80%	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

	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

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 2020 are \$3m.

## 27. OTHER LIABILITIES

US\$ million	31 December 2019	31 December 2018
Oil fund liabilities (note 25)	96	87
Other tax payable <sup>1</sup>	91	80
Deposits owed to customers	63	60
Employee liabilities <sup>2</sup>	51	62
Deferred income	11	9
Other	26	10
	<b>338</b>	<b>308</b>
Current	178	165
Non-current	160	143
	<b>338</b>	<b>308</b>

<sup>1</sup> Other tax payable mainly relates to VAT, withholding taxes and employee taxes.

<sup>2</sup> Employee liabilities mainly relate to employee bonuses and the cash-settled legacy Management Equity Plan.



## 28. 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\$ million	Land and buildings	Motor vehicles	Total
<b>Right-of-use assets, 1 January 2018</b>	<b>129</b>	<b>19</b>	<b>148</b>
Depreciation of right-of-use assets	(16)	(3)	(19)
Leases effective in 2018 <sup>1</sup>	17	2	19
<b>Right-of-use assets, 31 December 2018</b>	<b>130</b>	<b>18</b>	<b>148</b>
Depreciation of right-of-use assets	(17)	(4)	(21)
Leases effective in 2019	47	2	49
<b>Right-of-use assets, 31 December 2019</b>	<b>160</b>	<b>16</b>	<b>176</b>

<sup>1</sup> Included in leases effective 2018 is an amount of \$8m for the transfer of leases from PPE to right-of-use assets.

US\$ million	31 December 2019	31 December 2018
Current lease liabilities	21	13
Non-current lease liabilities	104	98
	<b>125</b>	<b>111</b>

The consolidated statement of comprehensive income shows the following amounts relating to leases:

US\$ million	2019	2018
Interest expense (included in finance cost)	(11)	(10)
Depreciation of right-of-use assets	(21)	(19)
Expenses relating to short-term leases, low-value leases and variable leases not included in the lease liabilities	(6)	(5)

Depreciation charge of \$21m (2018: \$19m) is included in cost of sales for \$3m (2018: \$3m), in selling and marketing costs for \$16m (2018: \$14m) and in general and administrative costs \$2m (2018: \$2m).

The consolidated statement of cash flows shows the following amounts relating to leases:

US\$ million	2019	2018
<b>Cash flows from financing activities</b>		
Principal elements of lease payments	(27)	(25)
Interest paid	(9)	(10)
	<b>(36)</b>	<b>(35)</b>

Other information related to leases was as follows:

	2019	2018
Weighted average remaining lease term (years)	11	15
Weighted average discount rate	12%	10%

The Group recognised rental income of \$43m (2018: \$35m).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 29. NET CHANGE IN OPERATING ASSETS AND LIABILITIES AND OTHER ADJUSTMENTS

US\$ million	2019	2018
Trade payables	105	222
Trade receivables	50	(47)
Inventories	(25)	(99)
Other liabilities	6	(16)
Other assets	6	(69)
Provisions	(5)	(17)
Other	39	68
	<b>176</b>	<b>42</b>

## 30. 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\$ million	31 December 2019	31 December 2018
Purchase obligations	<b>13</b>	13

## 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 and other regulatory regimes. The Group is required to exercise judgement in the assessment of any potential exposures in these areas.

As announced by Vivo Energy plc on 16 January 2020, the Company's subsidiary in Morocco has received a report from the investigators in charge of the Conseil de la Concurrence's ('the CdC') ongoing review of the competitive dynamics of the Moroccan fuel retailing industry. Vivo Energy Morocco will have the opportunity to provide submissions in response to the report in accordance with the procedures set out in the applicable laws of Morocco. These submissions along with the report will then be considered by the board of the CdC prior to any ruling being made, which if unfavourable may be appealed in accordance with the laws of Morocco. Management believes that Vivo Energy Morocco has at all times conducted its operations in accordance with applicable competition laws, rules and regulations.

In the ordinary course of business, the Group is subject to a number of contingencies arising from litigation and claims brought by governmental, including tax authorities, and private parties. The operations and earnings of the Group continues, from time to time, to be affected to varying degrees by political, legislative, fiscal and regulatory developments, including those relating to the protection of the environment and indigenous groups in the countries in which they operate. The industries in which the Group is engaged are also subject to physical risks of various types. There remains a high degree of uncertainty around these contingencies, as well as their potential effect on future operations, earnings, cash flows and the Group's financial condition.

The Group does not believe and is not currently aware of any other litigations, claims, legal proceedings or other contingent liabilities that should be disclosed.

## 31. 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 on page 88.

## Management Equity Plan

In 2013, Vivo Energy Holding B.V. awarded to eligible employees either (1) Management equity plan (MEP) phantom options which entitled option holders to a cash payment based on the value of Vivo Energy Holding shares upon exercise of their MEP 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 MEP phantom options, all outstanding phantom options would become fully exercisable upon admission in May 2018. The option holders agreed to amend the terms of their outstanding phantom options such that 30% of the outstanding MEP phantom options were deemed to be exercised at admission and 70% has 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 of Vivo Energy plc at the time of exercise net of a nominal exercise price per share.

The MEP related liability as at 31 December 2019 amounted to \$15m (2018: \$20m).

### 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 growth and adjusted net income growth 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 2018'). In March 2019, Vivo Energy plc adopted the Vivo Energy 2019 Long-Term Incentive Plan (the 'LTIP 2019'). The LTIP 2018 and LTIP 2019 provide 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 Senior Management of the Group are eligible for grants under the LTIP 2018 and LTIP 2019.

The table below shows the share-based payment expense/(income) recognised in the statements of comprehensive income:

US\$ million	2019	2018
<b>Cash-settled share-based payments</b>		
Management Equity Plan	(2)	(18)
SVL Management Equity Plan	–	6
<b>Equity-settled share-based payments</b>		
IPO Share Award Plan	–	6
Long-Term Incentive Plans 2018 & 2019	1	3
	<b>(1)</b>	<b>(3)</b>

Movements in the number of shares and share options outstanding, and their related weighted average exercise prices, are as follows:

In million	LTIP		IPO	Average exercise price per phantom option US\$	MEP
	LTIP 2018	LTIP 2019	Share Awards		Phantom Options
<b>Outstanding at 1 January 2019</b>	<b>4</b>	<b>–</b>	<b>4</b>	<b>0.05</b>	<b>11</b>
Granted/Converted	(1)	5	(1)	–	–
Vested/Exercised	–	–	(1)	–	(4)
<b>Outstanding at 31 December 2019</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>0.05</b>	<b>7</b>
<b>Exercisable at 31 December 2019</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>n/a</b>	<b>7</b>
<b>Outstanding at 1 January 2018</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Granted/Converted	4	–	4	0.05	16
Vested/Exercised	–	–	–	0.05	(5)
<b>Outstanding at 31 December 2018</b>	<b>4</b>	<b>–</b>	<b>4</b>	<b>0.05</b>	<b>11</b>
<b>Exercisable at 31 December 2018</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>n/a</b>	<b>–</b>

The inputs of the valuation model for options granted during the year are as follows:

US\$	2019				2018		
	LTIP 2018	LTIP 2019	IPO Share Awards	MEP phantom options	LTIP 2018	IPO Share Awards	MEP phantom options
Share price at grant date	2.24	1.65	2.33	–	2.24	2.33	–
Share price at valuation date	–	–	–	1.67	–	–	1.84
Option exercise price	–	–	–	0.05	–	–	0.05
Expected dividends as a dividend yield (%)	0%	0%	0%	0%	0%	0%	0%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 32. RELATED PARTIES

## Sales and purchases

US\$ million	Joint ventures and associates	Shareholders	Total
<b>2019</b>			
Sales of products and services and other income	15	130	<b>145</b>
Purchase of products and services and other expenses	284	1,312	<b>1,596</b>
<b>2018</b>			
Sales of products and services and other income	15	134	<b>149</b>
Purchase of products and services and other expenses	321	1,279	<b>1,600</b>

The following table presents the Company's outstanding balances with related parties:

US\$ million	Joint ventures and associates	Shareholders	Total
<b>31 December 2019</b>			
Receivables from related parties	11	8	<b>19</b>
Payables to related parties	(58)	(339)	<b>(397)</b>
	<b>(47)</b>	<b>(331)</b>	<b>(378)</b>
<b>31 December 2018</b>			
Receivables from related parties	4	13	<b>17</b>
Payables to related parties	(56)	(236)	<b>(292)</b>
	<b>(52)</b>	<b>(223)</b>	<b>(275)</b>

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.

## Key management compensation

Key management is considered to be the Directors (Executive and Non-Executive) and Senior Management.

US\$'000	2019	2018 <sup>1</sup>
Salaries and other short-term employee benefits	8,933	6,561
Share-based benefits <sup>2</sup>	2,572	(4,767)
Service fees	734	642
Post-employment benefits	505	333
IPO cash award	–	6,622
	<b>12,744</b>	<b>9,391</b>

<sup>1</sup> Senior Management compensation is disclosed from the date of appointment.

<sup>2</sup> 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 31.

## Directors' compensation

Directors' compensations are disclosed from the date of appointment.

US\$'000	2019	2018
Salaries, and other short-term employee benefits	3,277	2,221
Share-based benefits <sup>1</sup>	3,090	3,194
Service fees	734	642
Post-employment benefits	164	107
	<b>7,265</b>	<b>6,164</b>

<sup>1</sup> 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 \$3m. The performance period for the SVL share options related to the pre-IPO period.

### 33. EVENTS AFTER BALANCE SHEET PERIOD

There have been no material subsequent events after the reporting period, up to and including the date that the financial statements were authorised for issue, that would have required disclosure or adjustment of the Consolidated financial statements or the Company financial statements.

## COMPANY STATEMENT OF FINANCIAL POSITION

US\$ million	Notes	31 December 2019	31 December 2018
<b>Fixed Assets</b>			
Investments	5	1,913	1,800
		<b>1,913</b>	<b>1,800</b>
<b>Current assets</b>			
Debtors	6	11	15
Cash and cash equivalents	7	1	2
		<b>12</b>	<b>17</b>
Creditors falling due within one year	8	(48)	(9)
<b>Current assets less current liabilities</b>		<b>(36)</b>	<b>8</b>
<b>Total assets less current liabilities</b>		<b>1,877</b>	<b>1,808</b>
<b>Net assets</b>		<b>1,877</b>	<b>1,808</b>
<b>Capital and reserves</b>			
Called up share capital	9	633	601
Share premium		4	3
Other reserves	10	1,244	1,192
Equity-settled incentive schemes		6	4
Retained earnings <sup>1</sup>		(10)	8
<b>Total equity</b>		<b>1,877</b>	<b>1,808</b>

<sup>1</sup> Loss for the financial year ended 31 December 2019 was \$18m (2018: Profit of \$8 m).

The notes are an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 3 March 2020 and were signed on its behalf by:

**CHRISTIAN CHAMMAS**  
CHIEF EXECUTIVE OFFICER

**JOHAN DEPRAETERE**  
CHIEF FINANCIAL OFFICER

## COMPANY STATEMENT OF CHANGES IN EQUITY

US\$ million	Called up share capital	Share premium	Other reserve	Equity-settled incentive schemes	Retained earnings	Total
<b>At 1 January 2019</b>	<b>601</b>	<b>3</b>	<b>1,192</b>	<b>4</b>	<b>8</b>	<b>1,808</b>
Share issuance related to acquisition	31	–	82	–	–	<b>113</b>
Share issuance related to share awards	1	1	–	(2)	–	–
Equity-settled incentive scheme	–	–	–	4	–	<b>4</b>
Loss for the period	–	–	–	–	(18)	<b>(18)</b>
Dividends	–	–	(30)	–	–	<b>(30)</b>
<b>As at 31 December 2019</b>	<b>633</b>	<b>4</b>	<b>1,244</b>	<b>6</b>	<b>(10)</b>	<b>1,877</b>

US\$ million	Called up share capital	Share premium	Other reserve	Equity-settled incentive schemes	Retained earnings	Total
<b>At 12 March 2018</b>	–	–	–	–	–	–
Capital contribution	1,800	–	–	–	–	<b>1,800</b>
Share capital reduction	(1,202)	2	1,200	–	–	–
Directors' subscriptions	3	1	–	–	–	<b>4</b>
Dividends	–	–	(8)	–	–	<b>(8)</b>
Equity-settled incentive schemes	–	–	–	4	–	<b>4</b>
Profit for the period	–	–	–	–	8	<b>8</b>
<b>As at 31 December 2018</b>	<b>601</b>	<b>3</b>	<b>1,192</b>	<b>4</b>	<b>8</b>	<b>1,808</b>

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### I. 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 27.48% owned by HIP Oil 2 B.V.; 27.35% owned by Vitol Africa B.V.; 8.73% owned by VIP Africa II B.V.; 1.56% owned by HIP Oils NewCo Sarl. 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 consolidated financial statements are set out below. These policies have been applied consistently over the years.

#### 2.1 Basis of preparation

The Company financial statements, for the years ended 31 December, 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.

The following disclosure exemptions available under FRS 102 have been applied:

Section 7 Statement of cash flow and section 3 Financial statement presentation paragraph 3.17(d)

Section 11 Basic financial instruments paragraph 11.41(b), 11.41(e)

Section 26 Share-based payment paragraph 26.18(b), 26.19, 26.21, 26.23

As permitted by section 408(3) of the Companies Act 2006, the income statement of the Company is not presented in this Annual Report. The Company has not published its individual cash flow statement as its liquidity, solvency and financial adaptability are dependent on the Group rather than its own cash flows. The Group consolidated financial statements as presented on page 112 include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates made up to 31 December 2019.

#### 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 dollar 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 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 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 taxes 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 as 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 cost 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 31 'Share-based payments' to the consolidated financial statements.

#### 2.7 Dividend policy

Dividends paid and received are included in the Company 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. EMPLOYEE COSTS

US\$ million	2019	2018
Salaries and wages	14	10
Social security costs	1	–
Share-based payments	4	4
	<b>19</b>	<b>14</b>

The monthly average number of full-time equivalent employees as at 31 December:

No.	2019	2018
Directors	6	6
Administration and support	16	18

## 4. 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 2019, the Company had no accumulated tax losses (2018: Nil).

## 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 as follows:

## Reconciliation of effective tax

US\$ million	2019	2018
(Loss)/profit before income tax	(18)	8
Tax calculated at 19%	(3)	1
Impact of:		
Expenses not allowable for tax purpose	1	3
Dividends received not subject to tax	–	(4)
Prior period adjustment	2	–
<b>Total income tax expense</b>	<b>–</b>	<b>–</b>

## 5. INVESTMENTS

US\$ million	2019	2018
<b>At 1 January</b>	<b>1,800</b>	<b>–</b>
Acquisition of investment	113	1,800
<b>At 31 December</b>	<b>1,913</b>	<b>1,800</b>

On 1 March 2019 Vivo Energy plc made a capital contribution to Vivo Energy Holding B.V. to finance the acquisition of Vivo Energy Overseas Holding Limited (VEOHL), a retailer and marketer of Engen-branded fuels and lubricants in Africa.

## 6. DEBTORS

US\$ million	31 December 2019	31 December 2018
Related party receivable	9	15
Other receivables	2	–
<b>Total</b>	<b>11</b>	<b>15</b>

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.

## 7. CASH AND CASH EQUIVALENTS

US\$ million	31 December 2019	31 December 2018
Bank	1	2

## 8. CREDITORS

US\$ million	31 December 2019	31 December 2018
Due within one year		
Trade payables	4	2
Related party payables	44	7
<b>Total creditors</b>	<b>48</b>	<b>9</b>

Payable to related parties relates to IPO costs, salary related expenses and other costs. 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.

## 9. CALLED UP SHARE CAPITAL

Share capital consists of 1,266,073,050 ordinary shares at the nominal value of \$0.50 each. For further details, refer to note 21 in the consolidated financial statements.

## 10. OTHER RESERVES

The other reserves relate to the share capital reduction completed subsequent to the listing on the London and Johannesburg Stock Exchange Market in 2018. A realised profit available for distribution resulted from a transfer to other reserves from called up share capital.

## 11. DIVIDENDS

The Board approved an interim dividend of circa 1.1 cents per share. This dividend was paid on 23 September 2019 to shareholders of record at close of business 23 August 2019. This dividend was paid out of distributable reserves as at 30 June 2019.

The Board has recommended a final dividend of circa 2.7 cents per share, amounting to approximately \$34m. Payment of this dividend is expected to be executed on the 8 June 2020 to shareholders of record at close of business on 15 May 2020. The dividend will be paid out of distributable reserves as at 31 December 2019.

US\$ million	2019	2018
Interim dividend	14	8
Final dividend	34	16
<b>Total dividend</b>	<b>48</b>	<b>24</b>

## 12. RELATED PARTIES

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.

## 13. EVENTS AFTER BALANCE SHEET PERIOD

For the events after balance sheet period refer to note 33 in the consolidated financial statements.

## 14. 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 has been disclosed in the consolidated financial statements, refer to note 7. 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' in note 32.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

## 15. 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 2019 is as follows:

Subsidiary	Incorporation	Class of share	Registered address	Shareholding
Engen Marketing Tanzania Limited	Bahamas	Ordinary shares	H&J Corporate services, Ocean Centre, Montague Foreshore, East Bay Street, P.O. Box SS-19084, Nassau, Bahamas	100%
Vivo Energy Botswana Pty Ltd.	Botswana	Ordinary shares	2nd Floor, Tholo 2, Plot 50369, Fairgrounds, Gaborone, Botswana	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%
Plateau Africa Holdings Ltd.	Canada	Ordinary shares	199 Bay Street, Suite No.4000, Toronto ON M5L 1A9, Canada	100%
Vivo Energy Cabo Verde S.A.	Cape Verde	Ordinary shares	Avenida Amilcar Cabral, C.P 4, Mindelo, São Vicente, Cabo Verde	100%
Sociedade Comercial de Navegação Concha Verde S.A.	Cape Verde	Ordinary shares	Avenida Amilcar Cabral, C.P 4, Mindelo, São Vicente, 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 Gabon S.A.	Gabon	Ordinary shares	234, BD Bessieux, Face au Lycee Immaculee Conception, BP 224, Libreville, Gabon	60%
Vivo Energy Ghana Ltd.	Ghana	Ordinary shares	Rangoon Lane, Contonments City, Digital Address: GL-045-46-56, P.O. Box 1097, Accra, Ghana	74.34%
Vivo Energy de Guinée S.A.	Guinea	Ordinary shares	Aéroport Gbessia, Commune de Matoto, BP 312, Conakry, Guinea	100%
Vivo Energy Guinea Mining Sarl.	Guinea	Ordinary shares	Aéroport Gbessia, Commune de Matoto, BP 312, Conakry, Guinea	100%
Vivo Energy Kenya Ltd.	Kenya	Ordinary shares	Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya	100%
Vivo Energy Malindi Ltd.	Kenya	Ordinary shares	Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya	100%
Vivo Energy East Africa Ltd.	Kenya	Ordinary shares	Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya	100%
Vivo Energy Provident Trust Ltd.	Kenya	Ordinary shares	Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya	100%
Vivo Marketing Kenya Ltd.	Kenya	Ordinary shares	Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya	100%
Vivo Oil Tanking Kenya Ltd.	Kenya	Ordinary shares	Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, 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%
Vivo Energy Limited	Malawi	Ordinary shares	Mission Road, Bulk Oil Sites, Makata Industrial Area, Blantyre, Malawi	100%
Vivo Energy Mali S.A.	Mali	Ordinary shares	Hippodrome, Route de Koulikoro BP 199, Immeuble N°3293 – Bamako, Mali	77.05%
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	75%

Subsidiary	Incorporation	Class of share	Registered address	Shareholding
Vivo Energy Overseas Holdings Ltd.	Mauritius	Ordinary shares	C/O IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324, Mauritius	100%
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%
Sopetrole S.A.	Morocco	Ordinary shares	Zone Industrielle, lot n°2, Laayoune, Morocco	49%
Terminal Energetique Jorf	Morocco	Ordinary shares	Immeuble Zenith II, Lotissement Attaoufik, Route de Nouaceur, Sidi Maarouf, Casablanca	100%
Terminal D'hydrocarbures Jorf	Morocco	Ordinary shares	Immeuble Zenith II, Lotissement Attaoufik, Route de Nouaceur, Sidi Maarouf, Casablanca	100%
Terminal Energetique Agadir	Morocco	Ordinary shares	Zone Industrielle d'Anza (côté mer), Agadir	100%
Tidsi Gaz	Morocco	Ordinary shares	Zone Industrielle d'Anza (côté mer), Agadir	100%
VE Mozambique Trading Lda	Mozambique	Ordinary shares	EN4, Tchumene II, Talhao 19 , Parcela 3380, Matola, Mozambique	100%
Vivo Energy Mocambique Lda	Mozambique	Ordinary shares	Av. 25 de Setembro, 1230, 33 Andares, 3º Andar Porta 307/310, Maputo, Mozambique	100%
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 Supply B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Sales and Marketing Ltd.	Nigeria	Ordinary shares	1, Murtala Mohammed Drive, Ikoyi, Lagos, Nigeria	100%
Vivo Energy Reunion S.A.	Reunion	Ordinary shares	1 Rue Sully Prud'Homme, ZI N°2, Le Port, 97823, Reunion	100%
Société de Transport Mace S.A.	Reunion	Ordinary shares	1 Rue Sully Prud'Homme, ZI N°2, 97823 LE Port Cedex, Reunion	96.80%
Vivo Energy Rwanda Ltd.	Rwanda	Ordinary shares	Kacyiru, Gasabo, Umujyi wa Kigali, Rwanda	100%
Kabuye Depot Holding Company Rwanda Ltd.	Rwanda	Ordinary shares	Kacyiru, Gasabo, Umujyi wa Kigali, Rwanda	100%
Vivo Energy Senegal S.A.	Senegal	Ordinary shares	Quartier Bel-Air Route des Hydrocarbures, BP 144 Dakar, Senegal	93.60%
Vivo Energy Sierra Leone Ltd.	Sierra Leone	Ordinary shares	37 Siaka Stevens Street, Freetown, Sierra Leone	100%
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%
Vivo Energy Tanzania Limited	Tanzania	Ordinary shares	Plot No. 263 Mandela Road, Kurasini, Temeke District, Dar es Salaam, Tanzania	100%
Société Vivo Energy Tunisie S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia	100%
Société Butagaz Tunisie S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia	100%
Société Sudgaz S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia	65.01%

## NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

## 15. COMPANY UNDERTAKINGS CONTINUED

Subsidiary	Incorporation	Class of share	Registered address	Shareholding
Société D'Exploitation et de Gestion des Points de Vente S.A. <sup>1</sup>	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia	48,38%
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 Namibia Ltd.	United Kingdom	Ordinary shares	5th Floor – The Peak, 5 Wilton Road, London, SW1V 1AN, United Kingdom	100%
Vivo Energy UK Services Ltd.	United Kingdom	Ordinary shares	5th Floor – The Peak, 5 Wilton Road, London, SW1V 1AN, United Kingdom	100%
Engen Petroleum Zambia Ltd.	Zambia	Ordinary shares	Plot 3132, Buyantanshi Road, Lusaka, Zambia	100%
VE Zambia Legacy Ltd.	Zambia	Ordinary shares	394 Mushemi Road, Rhodes Park, P.O Box 32256, Lusaka, Zambia	99,98%
Vivo Energy Zambia Marketing Ltd.	Zambia	Ordinary shares	Plot 3132, Buyantanshi Road, Lusaka, Zambia	100%
Engen Petroleum Zimbabwe (Private) Ltd.	Zimbabwe	Ordinary shares	Engen House 71 Kaguvi Street P.O Box 372, Harare, Zimbabwe	100%
Vivo Energy Zimbabwe Operations (Private) Limited	Zimbabwe	Ordinary shares	Engen House 71 Kaguvi Street P.O Box 372, Harare, Zimbabwe	100%
Vivo Energy Zimbabwe Holdings (Private) Ltd. <sup>2</sup>	Zimbabwe	Ordinary shares	Engen House 71 Kaguvi Street P.O Box 372, Harare, Zimbabwe	49%

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.

2 Vivo Energy Zimbabwe Holdings (Private) Ltd was acquired as part of the business acquisition of VEOHL in 2019. The Group has control over the entity by holding most of the voting rights, majority of seats on the Board of Directors and is exposed to the variable returns of the business.

A list of all joint ventures and associates, indirectly held by Vivo Energy plc, in the Group as at 31 December 2019 is as follows:

Investment	Incorporation	Class of share	Registered address	Shareholding
Baobab Energy Botswana Propriety Limited	Botswana	Ordinary shares	Plot 50369 Fairgrounds Office Park, Gaborone, Botswana	50%
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%
Stockage Pétrolier de Cote d'Ivoire Sarl.	Côte d'Ivoire	Ordinary shares	Abidjan Port-bouet vridi canal de Petroliers 12 B.O 2141 Abidjan 12, Côte d'Ivoire	30%
Société Gabonaise D'Entroposag de Produits Pétrolière S.A.	Gabon	Ordinary shares	P.O. BOX 2218, Libreville, Gabon	37.50%
Société PIZO de Formulation de Lubrifiants S.A.	Gabon	Ordinary shares	Port Gentil, PO Box 699, Port Gentil, Gabon	28.10%
Chase Logistics Ltd.	Ghana	Ordinary shares	1 Alema Avenue, Airport Residential Area, Accra, P.O. Box AN 8743 Accra North, Ghana	8%
Road Safety Ltd.	Ghana	Ordinary shares	Tema Shell Installation, Fishing Harbour Road, Tema, Ghana	50%
Société Guinéenne des Pétroles S.A.	Guinea	Ordinary shares	Boulevard Maritim, Kaloum, BP 656, Conakry, Guinea	16.53%
Logistique Pétrolière S.A.	Madagascar	Ordinary shares	Immeuble FITARATRA- 5 ème étage, Rue Ravoninahitriniarivo, Ankorondrano 101, Antananarivo, Madagascar	32.99%
Petroleum Importers Limited	Malawi	Ordinary shares	6th Floor Unit House, Off Victoria Avenue, Blantyre, Malawi	25%
Energy Storage Company Ltd.	Mauritius	Ordinary shares	Cemetery Road, Roche Bois, Port Louis, Mauritius	50%
Mer Rouge Oil Storage Company Ltd.	Mauritius	Ordinary shares	Edith Cavell Street, Les Cascades, Port Louis, Mauritius	25%
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%
Imopetro, Importadora Mocambicana de Petroleos Limitada	Mozambique	Ordinary shares	Av. 25 de Setembro, Predio 33 Andares, 40 Andar, Cidade de Maputo, Mozambique	5.88%
Havi Properties (Proprietary) Ltd.	Namibia	Ordinary shares	18 Liliencron Street, The Village, Unit 20-22 Eros, Windhoek, Namibia	50%
Shell and Vivo Lubricants B.V.	Netherlands	Ordinary shares	Carel van Bylandtlaan 30, 2596 HR The Hague, the Netherlands	50%
Société Réunionnais d'Entreposage S.A.	Reunion	Ordinary shares	3 Rue Jacques Prevert, Riviere des Galets, 97420 Le Port	19.92%
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%
Cimsahel Energy S.A.	Senegal	Ordinary shares	Sous préfecture de SINDIA, Senegal	50.10%
Société D'Entrepôts Pétroliers de Tunisie S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia	30%
Société Bitumes de Tunis S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia	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, Tunisia	25%

## SHAREHOLDER INFORMATION

### FINANCE CALENDAR 2019/20

Financial year-end	31 December 2019
Annual results announcement	4 March 2020
Q1 Trading update	30 April 2020
Annual General Meeting	20 May 2020
Final dividend payment	8 June 2020
Interim results announcement	28 July 2020
Interim payment date	18 September 2020
Q3 Trading update	October 2020

PLEASE NOTE THESE DATES ARE PROVISIONAL AND SUBJECT TO CHANGE.

### ANNUAL GENERAL MEETING (AGM)

The AGM will be held on 20 May 2020 at:

Freshfields Bruckhaus Deringer  
65 Fleet Street, Temple  
London EC4Y 1HT  
United Kingdom

The meeting will start at 14:00 and registration will be possible from 13:30.

The Notice for the 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 110 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 dividend policy has a minimum payout ratio of 30% of attributable income.

A final dividend, for the year ended 31 December 2019, of 2.7 dollar cents per share will be proposed to shareholders resulting in a full dividend of 3.8 dollar cents per share for the year, representing a Group payout ratio of 35% of attributable net income.

	Dividend per share	Record date	Payment date
1 January 2019 – 30 June 2019	1.1 dollar cents	23 August 2019	23 September 2019
1 July 2019 – 31 December 2019	2.7 dollar cents	15 May 2020	08 June 2020

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 Rand.



## MAJOR SHAREHOLDERS

As at 31 December 2019, the following interests in the ordinary share capital of the Company have been notified to the Directors under the Disclosure Guidance and Transparency Rules (DTR 5). In accordance with DTR 5, as of 3 March 2020 the Directors have not received any notification of a change in the shareholders' positions from 31 December 2019.

Shareholder name	31 December 2019 Percentage
HIP Oil 2 B.V. <sup>1 3</sup>	<b>27.50</b>
Vitol Africa B.V. <sup>2</sup>	<b>27.37</b>
VIP Africa II B.V. <sup>2</sup>	<b>8.73</b>
Capital Group Companies Inc.	<b>5.25</b>
HIP Oils NewCo Sarl <sup>4</sup>	<b>1.56</b>
Engen Holdings (Pty) Limited	<b>5.00</b>

1 Members of the Helios Investment Partners.

2 Members of the Vitol Group.

3 During the year HIP Oil 2 B.V. has become HIP Oils Mauritius Limited (Mauritius).

4 During the year HIP Oils NewCo Sarl has become Helios Holdings Limited (Cayman Islands).

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 (+44 371 664 0300 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](mailto: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](http://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 +44 207 066 1000).

## KEEPING IN CONTACT

Our Annual and Interim Reports, trading results, announcements and presentations can be found on our website, [www.vivoenergy.com](http://www.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\$ million	2019	2018	2017	2016	2015
Revenues	8,302	7,549	6,694	5,729	5,972
Cost of sales	(7,627)	(6,924)	(6,080)	(5,196)	(5,539)
<b>Gross profit</b>	<b>675</b>	<b>625</b>	<b>614</b>	<b>533</b>	<b>433</b>
Selling and marketing cost	(224)	(197)	(194)	(218)	(178)
General and administrative cost	(165)	(183)	(197)	(135)	(123)
Share of profit of joint ventures and associates	22	28	16	16	11
Other income/(expense)	2	3	3	1	15
<b>Earnings before interest and tax (EBIT)</b>	<b>310</b>	<b>276</b>	<b>242</b>	<b>197</b>	<b>158</b>
Finance expense – net	(64)	(47)	(31)	(23)	(22)
<b>Earnings before tax (EBT)</b>	<b>246</b>	<b>229</b>	<b>211</b>	<b>174</b>	<b>136</b>
Income taxes	(96)	(83)	(81)	(75)	(67)
<b>Net income</b>	<b>150</b>	<b>146</b>	<b>130</b>	<b>99</b>	<b>69</b>

### NON-GAAP MEASURES

US\$ million, unless otherwise indicated	2019	2018	2017	2016	2015
Volumes (million litres)	10,417	9,351	9,026	8,389	7,990
Gross cash profit	743	680	666	579	474
EBITDA	416	366	326	286	233
Adjusted EBITDA	431	400	376	302	240
Adjusted net income	162	178	171	109	74
Adjusted diluted EPS (US\$) <sup>1</sup>	0.12	0.14	0.13	0.08	0.05

<sup>1</sup> EPS for 2017, 2016 and 2015 are the updated earnings per share based on the capital structure of the Group at 31 December 2018 (including the IPO reorganisation impacts on the weighted average number of ordinary shares).

### SEGMENT INFORMATION

US\$ million, unless otherwise indicated	FY 2019	H2 2019	HI 2019	FY 2018	H2 2018	HI 2018
<b>Volumes (million litres)</b>						
Retail	5,900	3,060	2,840	5,354	2,719	2,635
Commercial	4,380	2,301	2,079	3,863	1,937	1,926
Lubricants	137	71	66	134	67	67
<b>Total</b>	<b>10,417</b>	<b>5,432</b>	<b>4,985</b>	<b>9,351</b>	<b>4,723</b>	<b>4,628</b>
<b>Gross cash unit margin (\$'000 litres)</b>						
Retail fuel (excluding Non-fuel retail)	71	72	71	75	73	78
Commercial	49	50	47	47	46	47
Lubricants	547	557	537	525	515	536
<b>Total</b>	<b>71</b>	<b>72</b>	<b>70</b>	<b>73</b>	<b>71</b>	<b>74</b>
<b>Gross cash profit</b>						
Retail (including Non-fuel retail)	454	238	216	428	211	217
Commercial	214	115	99	181	90	91
Lubricants	75	39	36	71	35	36
<b>Total</b>	<b>743</b>	<b>392</b>	<b>351</b>	<b>680</b>	<b>336</b>	<b>344</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$ million	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	823	622	585	507	473
Right-of-use assets	176	148	148	136	122
Intangible assets	226	134	120	116	145
Investments in joint ventures and associates	227	223	219	51	43
Deferred income taxes	34	36	43	37	26
Financial assets at fair value through other comprehensive income	9	8	6	6	12
Other assets	110	101	83	80	36
	<b>1,605</b>	<b>1,272</b>	<b>1,204</b>	<b>933</b>	<b>857</b>
<b>Current assets</b>					
Inventories	517	441	353	333	283
Trade receivables	451	444	412	305	303
Other assets	257	255	229	170	230
Income tax receivables	9	19	8	9	6
Other financial assets	–	3	–	3	2
Cash and cash equivalents	517	393	423	369	300
	<b>1,751</b>	<b>1,555</b>	<b>1,425</b>	<b>1,189</b>	<b>1,124</b>
<b>Total assets</b>	<b>3,356</b>	<b>2,827</b>	<b>2,629</b>	<b>2,122</b>	<b>1,981</b>
<b>Equity and liabilities</b>					
<b>Total equity</b>					
Attributable to equity holders of Vivo Energy	751	533	402	548	484
Non-controlling interest	53	48	46	40	41
	<b>804</b>	<b>581</b>	<b>448</b>	<b>588</b>	<b>525</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Lease liabilities	104	98	121	113	103
Borrowings	294	314	396	40	82
Provisions	102	75	92	82	78
Deferred income taxes	66	51	51	52	61
Other liabilities	160	143	169	140	131
	<b>726</b>	<b>681</b>	<b>829</b>	<b>427</b>	<b>455</b>
<b>Current liabilities</b>					
Lease liabilities	21	13	12	11	10
Trade payables	1,257	1,062	869	719	654
Borrowings	306	286	259	197	195
Provisions	14	15	21	25	36
Other financial liabilities	3	–	1	–	–
Other liabilities	178	165	152	93	85
Income tax payables	47	24	38	62	21
	<b>1,826</b>	<b>1,565</b>	<b>1,352</b>	<b>1,107</b>	<b>1,001</b>
<b>Total liabilities</b>	<b>2,552</b>	<b>2,246</b>	<b>2,181</b>	<b>1,534</b>	<b>1,456</b>
<b>Total equity and liabilities</b>	<b>3,356</b>	<b>2,827</b>	<b>2,629</b>	<b>2,122</b>	<b>1,981</b>

## GLOSSARY

Term	Description
B2B	Business to business
B2C	Business to consumer
CAGR	Compound annual growth rate
CAPEX	Capital expenditure
CSR	Corporate social responsibility
DPO	Days payable outstanding
DPS	Dividend per share
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
ERP	Enterprise resource planning
ETR	Effective tax rate
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
GDPR	General Data Protection Regulation
GHG	Greenhouse gas
HSSE	Health, safety, security and environment
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFRS IC	IFRS Interpretation Committee
IPO	Initial public offering
ITGC	Information technology general controls
JSE	Johannesburg Stock Exchange
KFC	Kentucky Fried Chicken
KPI	Key performance indicator
KYC	Know your customer
LIBOR	London Interbank Offered Rate
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
OU	Operating unit
PP&E	Property, plant and equipment
Q	Quarter
QSR	Quick service restaurant
RCF	Revolving credit facility
ROACE	Return on average capital employed
RTGS	Real-time gross settlement
SVL	Shell and Vivo Lubricants B.V.
TJ	Terajoules
TRCF	Total recordable case frequency
UK	United Kingdom
VEOHL	Vivo Energy Overseas Holdings Limited
YOY	Year-on-year

## KEY CONTACTS AND ADVISERS

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### DOMICILE

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### COMPANY SECRETARY

Claire Dhokia

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Freshfields Bruckhaus Deringer LLP

### PRINCIPAL BANKERS/SPONSOR

JP Morgan Securities plc

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### WEBSITE

[vivoenergy.com](http://vivoenergy.com)

## 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, but are not the exclusive means of identifying such statements. 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, which reflect estimates and assumptions made by the Group's management. These estimates and assumptions reflect the Company's best judgement based on currently known market conditions and other factors.

In particular, the statements in the Risk section on page 58 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. In addition, management's assumptions about future events may prove to be inaccurate. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Such forward-looking statements contained in this report are current only as of the date on which such statements are made. The Company and the Directors do not intend, and do not undertake any obligation, to update any forward-looking statements set forth in this report. You should interpret all subsequent written or oral forward-looking statements attributable to the Group or to persons acting on the Group's behalf as being qualified by the cautionary statements in this report. As a result, you should not place undue reliance on such forward-looking statements.

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