

21 December 2018

Viva Energy Refining Margin Update – November 2018

Viva Energy advises its Geelong Refining Margin (GRM)² in respect of crude intake processed through the Geelong Refinery for the month of November 2018.

	November 2018
Crude Intake (Million Barrels)	3.5
Geelong Refining Margin (USD/BBL)	7.1

November Actual GRM

The actual GRM for November 2018 is US\$7.1/Barrel (**BBL**) compared to the revised assumption provided on 19 November 2018 of US\$8.0/BBL for November and December 2018.

The November performance was impacted by further weakness in regional refining margins along with an unexpected outage of the third-party polypropylene plant co-located at the Refinery site, which resulted in reduced feedstock demand and therefore impaired operational efficiency. These impacts were partially offset by hedging gains.

December refining margin environment

Regional refining margins in December to date have deteriorated below November performance. It is expected that the actual GRM for December will be lower than the November result.

Refining financial performance

Viva Energy's financial performance for FY2018 will be subject to, amongst other things, the actual regional refining margins and foreign exchange rates achieved, which are variables outside of the control of the company.

The impact of continued movements in GRM and foreign exchange on FY2018 earnings guidance was detailed in the ASX guidance update on 19 November 2018, and a sensitivity analysis is provided again in the notes below.

Notes

- For further discussion of the impacts of refining margins on financial performance, and the components and calculation of GRM, please see sections 3.3 and 4.3.1 of the Prospectus³.

Sensitivity analysis on FY2018 pro forma forecast Underlying EBITDA (RC)⁴ and NPAT (RC) on Refining business, for the combined months of Nov and Dec 2018 (as disclosed on 19 November 2018)

Variable	Assumption for Nov/Dec 2018	Increase/Decrease	Pro forma EBITDA (RC) impact A\$m	Pro forma NPAT (RC) impact A\$m
GRM	US\$8.0 per barrel	+/- US\$1.0 per barrel	9.9 / (9.9)	6.9 / (6.9)
USD/AUD Exchange rate	0.73	Appreciation of AUD against USD by 3 cents	(3.1)	(2.2)
USD/AUD Exchange rate	0.73	Depreciation of AUD against USD by 3 cents	3.4	2.4

For information on the GRM and intake assumed for the half-year ending 30 June 2019 (1H2019) and the sensitivity analysis of movements in the GRM and exchange rates on the 1H2019 financial results, please see sections 4.4.1 and 4.9 of the Prospectus. The GRM assumption in the Prospectus for 1H2019 was US\$9.7/BBL.

- The Geelong Refining Margin is a non-IFRS measure calculated in the following way: IPP less the COGS, and is expressed in US dollars per barrel (USD/BBL), where:
 - IPP: a notional internal sales price which is referable to an import parity price for the relevant refined products, being the relevant Singapore pricing market and relevant quality or market premiums or discounts plus freight and other costs that would be incurred to import the product into Australia
 - COGS: the actual purchase price of crude oil and other feedstock used to produce finished products

Geelong Refining Margin is a financial measure Viva Energy uses to illustrate and aid in the understanding of the performance of the Geelong Refinery. It involves elements of estimation and is not alone a measure of historical financial performance. In addition, it is only one contributor to the replacement cost Underlying EBITDA of Viva Energy, with other segments including the Retail Fuels and Marketing business and Supply, Corporate and Overheads. In its financial reporting, Viva Energy converts GRM into Australian dollars using the prevailing month average exchange rate.
- References to the Prospectus are to the to the Prospectus dated 20 June 2018 and released to the ASX on 13 July 2018.
- Viva Energy reports segment information on a “replacement cost” (RC) basis. See section 4.3.1 of the Prospectus for a description of the difference between “historical cost” (HC) and “replacement cost” accounting. See further the description of the accounting policy for “Inventories” in Appendix C of the Prospectus.

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About Viva Energy

Viva Energy (ASX: VEA) is one of Australia's leading energy companies and supplies approximately a quarter of the country's liquid fuel requirements. It is the exclusive supplier of high quality Shell fuels and lubricants in Australia through an extensive network of more than 1,100 Shell branded service stations across the country.

Viva Energy owns and operates the strategically located Geelong Refinery in Victoria, and operates bulk fuels, aviation, bitumen, marine, chemicals and lubricants businesses supported by more than 20 terminals and 50 airports and airfields across the country.

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