

29 April 2019

Viva Energy Refining Margin Update for March 2019 and Retail Business Update

Viva Energy (ASX:VEA) advises its Geelong Refining Margin (**GRM**)¹ in respect of crude intake processed through the Geelong Refinery for the month of March 2019.

	March 2019	March YTD
Crude Intake (Million Barrels)	3.8	10.8
Geelong Refining Margin (US\$/Barrel)	6.5	4.6

March Actual GRM

The actual GRM for March 2019 is US\$6.5/BBL which reflects an improvement in regional refining margins, and in particular stronger gasoline cracks. Operational performance for March was strong with Crude Intake of 3.8 MBBLs and the site recording the highest ever monthly production of Diesel.

For the purposes of tracking the financial performance of the Geelong Refinery, a sensitivity table was provided in the announcement titled *Viva Energy Results: Full year ended 31 December 2018*, released to the ASX on 27 February 2019.

Retail Business Update

In line with recent industry commentary, challenging trading conditions in 2019, predominantly due to sharp increases in the oil price, have impacted retail fuel margins. This has negatively impacted Viva Energy Retail segment's Underlying EBITDA (RC)² in the range of \$30-\$35 million through to the end of April 2019³ (against the forecasted position as at that time, and on an unaudited basis).

Variability in retail margins is a typical feature of the retail fuel market, influenced by the competitive pricing cycle in major markets along with short term compression and expansion of margins as oil prices and foreign exchange rates rise and fall.

The actual Underlying EBITDA (RC) for the Retail segment for the half year ending 30 June 2019 will be subject to the impacts of lower retail fuel margins experienced through to the end of April 2019 as described above, and market conditions prevailing through the remaining months of May and June 2019.

Despite the current challenging trading conditions, Viva Energy is in the initial stages of implementing strategies to improve retail price competitiveness and remains focused on lifting sales volumes through the Alliance network. Viva Energy remains excited by the opportunity and together with Coles Express is committed to establishing the Alliance as Australia's leading fuel and convenience retail network.

Notes

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

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

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

Geelong Refining Margin is a financial measure Viva Energy uses to illustrate and aid in the understanding of the performance of the Geelong Refinery. It involves elements of estimation and is not alone a measure of historical financial performance. In addition, it is only one contributor to the replacement cost Underlying EBITDA of Viva Energy, 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.

For further discussion of the impacts of refining margins on financial performance, and the components and calculation of GRM, please see sections 3.3, 4.3.1, 4.4.1 and 4.9 of 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.
- The Prospectus forecast for the Retail segment is \$321.9 million for the half year ending 30 June 2019. The impact range shown in this announcement relates to the period 1 January 2019 to 30 April 2019 and does not take into account the possible outcomes for the remaining two months of the reporting period, May and June 2019.

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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 1,200 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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