
23 May 2019

Annual General Meeting - Address by Chairman and Chief Executive Officer

Attached is the address to be delivered by the Chairman and the Chief Executive Officer to shareholders at the Annual General Meeting on 23 May 2019.

Further enquiries:

Media Enquiries

T: +61 438 954 729

Investor Relations

Karla Wynne
Head of Investor Relations and Strategy
T: +613 8823 3479
E: investors@vivaenergy.com.au

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.

www.vivaenergy.com.au

Chairman Address

Good morning, ladies and gentlemen and welcome to Viva Energy's 2019 Annual General Meeting.

It is now just after 11 am. This is a properly constituted meeting and we have a quorum present. I therefore declare this Annual General Meeting of Viva Energy Group Limited open.

We would like to begin by paying our respects to the traditional custodians of the land that we are meeting on today, the Wurundjeri peoples of the Kulin Nation. We pay our respects to their Elders past and present.

To mark this significant event in our Company's journey, our inaugural Annual General Meeting as an Australian publicly listed company, we would like to welcome Annette Xiberras, an elder of the Wurundjeri people. Annette is joining us today to provide a Welcome to Country.

Thank you for that wonderful Welcome Annette.

It is a great pleasure to be here in Melbourne and I would like to thank our shareholders, Viva Energy employees and guests for attending today's meeting. I also extend my welcome to those of you listening via webcast.

I am joined on stage today by your directors and members of the management team - I will introduce them to you now:

- Jevan Bouzo, Chief Financial Officer;
- Sarah Ryan, Independent Non-Executive Director, and Chair of our Audit and Risk Committee;
- Dat Duong, Non-Executive Director, and who is Head of Investments at Vitol in Asia Pacific;
- Scott Wyatt, Chief Executive Officer and Managing Director;
- Lachlan Pfeiffer, Company Secretary;
- Jane McAloon, Independent Non-Executive Director, and Chair of the HSSEC Committee;
- Arnoud De Meyer, Independent Non-Executive Director, and Chair of the Investment Committee.

Unfortunately, Hui Meng Kho, one of our non-executive directors could not join us today due to personal reasons. Hui Meng played a significant role in Viva Energy's journey in his role as the Chairman of the Company prior to its ASX listing. We are pleased that he can continue to make a contribution to our Board as a non-executive director.

Also with us today are Chris Dodd, Lead Engagement partner, and Niamh Hussey, Partner, representing our auditor, PricewaterhouseCoopers. Chris and Niamh will be available to answer questions on the auditor's report later in the meeting.

The Executive Leadership Team and other senior leaders from Viva Energy are also here today and we hope you will join us for refreshments and an opportunity to meet them at the conclusion of the meeting.

The AGM is an important event in our Company's calendar and provides you, our shareholders an opportunity to engage with our Directors and management team.

I will now present my address and then invite our Chief Executive Officer, Scott Wyatt, to provide an update on Viva Energy's operations and performance. We will then proceed with the formal business of the meeting, after which I look forward to taking questions from our shareholders.

Ladies and Gentlemen. I would like to begin by saying that it has been an honour to serve as your Chairman in our first year as a listed company. It has been an historic year for Viva Energy, and we have achieved several milestones through 2018 and into early 2019, which Scott and I will talk about today.

The Viva Energy business has proudly operated in Australia for over 110 years, as part of the Shell Group prior to 2014, and as a stand-alone group since then.

We have operations in every part of the country and play an important role in meeting the energy needs of all Australians. Our ambition is to be recognised as Australia's most respected energy company by our shareholders, customers, business partners, employees, governments and the community; and we conduct our business accordingly.

The business has undergone a significant journey in the last five years. It has evolved from being a part of the Global Shell Group, to being privately owned and operated from 2014, and on to the exciting new chapter in 2018, when Viva Energy became a publicly listed Australian Company. I am proud to have taken on the role of Chairman as Viva Energy enters the next phase of its journey.

Good governance and strategic leadership are essential to long term sustainability and success of our business, and these are a priority for the Viva Energy Board. The Board has overseen the important task of transitioning Viva Energy to the listed environment and has worked closely with management to ensure the establishment of governance standards and processes that are appropriate for our Company.

Earlier this year, we released our first Annual Report as a listed company, which included disclosure on our approach to sustainability. We are committed to operating our business in a sustainable way that meets the high expectations of our broad range of stakeholders.

Our heritage has provided us with a strong culture in safety and our industry leading safety record is testament to this. Safe operation of our assets and the safety of our staff, contractors and the communities in which we operate are paramount.

We are committed to pursuing "Goal Zero" which, at its core, means *causing no harm to people or the environment*, and our programs and leadership are very much dedicated to this aspiration.

Scott will talk in more detail about our safety performance in 2018.

As a manufacturer and supplier of hydrocarbon derived products, we have a responsibility to minimise our environmental footprint through improved energy efficiency, supporting initiatives to reduce emissions, water and land management and minimising waste.

We recognise that it is important to the sustainability of our business to understand the opportunities and risks associated with climate change, and acknowledge the recommendations of the Task Force on Climate-related Financial Disclosures. We are exploring how we can integrate relevant aspects into our governance and reporting processes, and will update you on this work in our report next year.

Our people are core to our success and this is reflected in our company's culture. Diversity in all its forms is a key focus for Viva Energy and we aim to progressively enhance our diversity through recruitment, retention and policies that create an inclusive culture and support the broader needs of all our employees. Our market leading initiative to provide full time superannuation to employees taking parental leave and working part time to support young families is a good example of our commitment to providing a flexible workplace and reducing the long term pay gap between men and women.

At the end of 2018, women comprised 22 per cent of the total workforce and approximately 41 per cent of the senior leadership group. There has been an improvement in both of these areas from the previous year, and we were delighted that Viva Energy was awarded the Employer of Choice for Gender Equality citation by the Workplace Gender Equality Agency for the second consecutive year in 2018-2019. Our Chief Executive Officer is a Pay Equity Ambassador and a Male Champion of Change, so this is very much driven from the very top of our Company.

This year we made some changes to our Executive Leadership Team. We welcomed Megan Foster as our new General Manager and Head of Retail. Megan has over 25 years' experience in retail and will be a tremendous addition to our Company in driving forward our retail strategy following the revised agreement in respect of the Shell-Coles branded network.

Daniel Ridgway stepped into the newly created position of Chief Operating Officer earlier this year. In this role he continues to help drive commercial opportunities, and ensure our ongoing safe and reliable operations across all parts of the business.

Our first remuneration report was also released as part of our Annual Report this year. This first year after listing we are in a transition period from the remuneration structures in place as a private company, and an appropriate structure for the group going forward. We are confident our going forward position reflects a good balance, to ensure we have appropriate incentives to attract and retain high-quality management, and strong alignment with the long term interests of shareholders.

Earlier in the year, we also released our first Corporate Governance Statement. Our commitment to high standards of governance is demonstrated through our compliance with all of the ASX Corporate Governance Council's Principles and Recommendations.

Viva Energy's new Board of Directors came together shortly prior to the Company's listing on the ASX and it is a mix of new independent directors as well as directors who have served on the board of Viva Energy over the last few years. This provides a good balance of continuity and new perspectives supporting a diverse range of skills, experience and knowledge which is well suited to the governance of Viva Energy.

Dat Duong and I are standing for re-election at this meeting. We will provide brief presentations in support of re-election when we come to the formal business of this meeting.

I will hand over to Scott in a moment to talk to you in more detail about our business performance in 2018, but first I would like to acknowledge that 2018 was a challenging year for our refining business. Our financial performance was impacted by weakness in regional refining margins in the final months of 2018 and a number of external events which impacted production at the refinery. The challenges of regional refining margins, largely out of the control of the Company, meant that we did not achieve our group level Prospectus forecasts in 2018. This was a disappointment to the Board as meeting forecasts is regarded by the Board as very important. The rest of the business performed well and, in aggregate, we exceeded our Prospectus forecasts across our non-refining segments and made good progress on our various strategic initiatives, which set us up well for the years ahead.

I am particularly pleased that we have extended the Alliance with Coles to operate our prime retail network through to 2029. Coles has been our partner since 2003 and, together, we manage the country's largest single branded fuel and convenience network under the Shell and Coles Express brands. It is tremendous that we have agreed new arrangements which better align the capabilities that each party brings to the Alliance as this provides us an opportunity to build an even more successful retail business in the years ahead. I am very much looking forward to what the Viva Energy and Coles teams can achieve together.

The Board declared and paid a fully franked dividend of 4.8 cents per share for Viva Energy's inaugural dividend for the six months ended 31 December 2018. This represented 60 per cent of the Company's Distributable Net Profit After Tax (on a Replacement Cost basis), and is in line with our policy to target a payout ratio of between 50 – 70 per cent.

I would like to thank all of our employees and contractors for their important contributions over the past year, and I would also like to thank all shareholders of Viva Energy for your ongoing support.

I will now hand over to our Chief Executive Officer, Scott Wyatt to speak.

CEO Address

Thank you Robert.

I would like to echo Robert's comments regarding our achievements over the past year, including our ASX listing and recommitment to our Alliance with Coles being significant milestones.

I would like to start by talking about safety. Safety is the first and foremost consideration in everything that we do. We believe that Goal Zero is possible and we work on improving our workplaces, systems and processes with that goal in mind.

Sadly, we experienced a tragic fatality last year when one of our contracted carriers, delivering fuel on our behalf, was struck by another vehicle.

It has been a number of years since our company has experienced a fatal road incident of this nature. It served as a reminder of the inherent risks associated with interacting with other road users that our contracted carrier drivers are exposed to on a daily basis. We worked closely with the transport company to support them and their people in the aftermath of the incident.

We continue to work with industry and government to promote better roads, better vehicle standards and technology. Our road transport contractors are using a range of in vehicle technologies including geo-fencing, lane departure warnings and anti-collision/auto emergency braking to improve on-road safety and monitor safe driving.

In 2018, our lost time injury rate of 1.12 remains low when compared to other industries: however, this is an increase on the prior year and we have been working hard to reverse this trend with a number of new programs introduced to renew focus on manual handling and reducing risk. I am pleased to say that we are seeing significant improvements in injury performance in 2019.

Now, turning to our operational milestones. While the unexpected and challenging regional refining margin environment experienced in the fourth quarter of 2018 impacted our financial performance, we have achieved stronger performance in our other segments and continued to make good progress pursuing our longer-term strategies.

Over the last year we have grown our retail network to 1,255 sites through a mix of new developments and targeted acquisitions. These stores are predominantly Shell branded and are operated by our Alliance partner, Coles Express, however we also work closely and value the relationships with have with our other retail partners. In particular, we look forward to the continued expansion of the Liberty branded network, in a new joint venture announced in February this year (noting that this transaction remains subject to regulatory approvals).

Through the longstanding Alliance with Coles Express, we operate the largest single branded fuel and convenience network in the country. In February 2019, we announced that we would extend the partnership through to 2029 under a new set of arrangements, which see Viva Energy assume responsibility for retail fuel pricing and marketing while Coles Express remains responsible for operating the stores and providing a leading convenience offer.

We are excited by these changes, which we believe achieve greater alignment to provide a more consistent fuel offer across the Shell branded network, improves competitiveness, and better optimises our supply chain and refining businesses. The Alliance with Coles Express brings together two of the largest and most successful companies in our respective segments, and this positions us well to tackle the changing competitor landscape and exciting developments in the broader convenience marketplace.

We have some work to do to rebuild sales through this network, and the first few months of this year have been challenging due to rising oil prices which has impacted retail margins. However, we are committed to improving competitiveness over time and more broadly establishing ourselves as a leading fuel and convenience network.

Beyond retail, we have a significant commercial business, which provides fuels, lubricants, services and a range of specialty products to resources, aviation, transport, marine and construction customers throughout the country. Last year we extended the Viva Energy brand to our airport operations, and established bitumen import capability at Townsville to support our northern Queensland business. The full acquisition of the Liberty wholesale business announced in February will provide a platform for us to expand our business in regional markets, and we look forward to progressing this strategy once we gain regulatory approval.

New fuel storage in Cairns, Esperance and Kalgoorlie together with a number of new inland storage depots, are all part of our commitment to supporting growth in regional communities. Last year, we also completed the conversion of the old Shell refinery system in Sydney to a full scale import terminal, which positions us well to support the growing marine business in Sydney Harbour, our aviation business at Kingsford Smith airport, and of course the new Western Sydney Airport, when that is completed.

In our refining business, we continue to focus on lifting production, improving operational performance, and increasing productivity and efficiency. During 2018, the Company successfully completed the planned major maintenance turnaround of the secondary distillation unit at the Geelong Refinery, which has lifted crude intake and reduced energy costs of this important processing unit. Earlier this year, we also secured an innovative power purchasing agreement with Acciona's wind farm at Mt Gellibrand, which we expect to help offset rising energy costs and indirectly support the reduction of emissions.

Turning to our financial performance in 2018. Regional refining margins fell sharply and unexpectedly in the latter part of 2018 and early 2019 due, in a large part, to an oversupply of gasoline driven primarily by softer regional demand and higher production of gasoline related products as a result of a general lightening in regional crude supply. The Geelong refinery was naturally exposed to this regional dynamic and, together with the effect of unplanned unit outages from external events, Geelong's refining margin declined in 2018 to an average of US\$7.4/bbl against an average of US\$10.2/bbl in 2017 and \$9.8/BBL over the prior three years. Refining margins have remained volatile this year, however, operational performance has been strong and we have adapted well to the changing market conditions with record production rates achieved in both March and April 2019.

In aggregate, the non-refining business segments performed strongly in 2018. Our group Underlying Earnings Before Interest Tax Depreciation and Amortisation, on a Replacement Cost basis, from non-refining segments was up 13 per cent on 2017, exceeding our prospectus forecasts by \$16 million. Solid sales volumes across all retail and commercial channels offset lower volumes through the Alliance network, and despite strong competition in the commercial sectors, our commercial business delivered solid earnings with good cost management also contributing to this outperformance.

Looking forward, Viva Energy aims to deliver strong cash generation and attractive and sustainable shareholder returns by maintaining a focus on operational efficiency, maximising cash returns from refining, focusing growth in higher return segments, and restoring the performance of the Alliance network. The renewal and extension of the Alliance agreement with Coles provides a significant opportunity to achieve growth following a period of reinvestment to improve competitiveness and lift network performance. The network remains high quality, with well recognised brands, and we believe has significant potential for growth as we establish a more compelling offer.

We continue to see opportunities in our other retail channels, and we will continue to close network gaps, and build superior loyalty and digital programs to build strong customer relationships across both the Retail and Commercial businesses. With respect to the Geelong Refinery, we continue to focus on improving operational performance and we are pleased with the strong utilization rates achieved in the first quarter of 2019. We will remain disciplined with respect to costs across all segments of our business and we continue to look for opportunities to drive further efficiencies.

It has been a landmark year for Viva Energy and we look forward to the road ahead. Our Board and Management team remain focused on our goal to be recognised as Australia's most respected energy company, which we will achieve through the safe and reliable operation of our businesses, with respect for the environment and the communities in which we operate. We thank you for your

ongoing support.

I would like to invite you all to stay after the conclusion of this meeting. Our Board and Senior Management will be happy to answer any questions you may have.

Thank you. I will now hand over to Robert to take us through the formal business of the meeting.

The Chairman then conducted the formal items of business.