

7 September 2020

## Viva Energy: Victorian trading update

Viva Energy Group Limited (the **Company**) today provides an update on its business in Victoria and the on-going impacts of the COVID-19 pandemic. The Company notes the Victorian Government's announcements of 6 September 2020, with regard to the easing of restrictions in Victoria.

### Retail and Commercial

Despite on-going restrictions in Victoria, the Retail business continues to show resilience, and we are encouraged by the sales recovery in the other States and Territories. Sales volumes in the Alliance network are holding at over 50 million litres per week and the retail margin environment remains supportive. Once restrictions in Victoria are eased we would expect to see similar sales recovery in Victoria as we have seen in other States and Territories.

Our Commercial businesses (excluding Aviation) in Victoria remain relatively unaffected by the current restrictions. As previously announced, we have taken steps to reduce operating costs and capital expenditure to reflect lower sales across both our Retail and Commercial portfolio. We have retained capability and are well positioned to service any recovery in Aviation once border restrictions are relaxed.

While the Government's announcements yesterday provide only directional guidance on easing restrictions, we are confident in the performance of the Retail and Commercial businesses throughout this extended period of restrictions.

### Refining

The Refining business continues to be impacted by the global and local response to COVID-19. Key processing units are currently under maintenance and the Refinery is operating at reduced production levels due to the impacts on fuel demand as a result of the Victorian Government restrictions on mobility and workplaces. If these restrictions are relaxed as foreshadowed and fuel demand sufficiently recovers, then it is possible that the Refinery could return to full production in November 2020 as currently planned. The situation, however, is very uncertain and will be monitored closely over the coming weeks to determine whether these extended restrictions will impact these plans.

The longer term outlook for the refining business remains very challenging given the considerable fall in global demand for oil products, which will likely take some time to recover and continues to weigh on regional refining margins. The Company is working closely with the Commonwealth Government on the viability of the sector and is encouraged by the review that is currently underway. Given the materiality of these issues, the Company is assessing other options to address operating losses, including the possibility of moving to a full shutdown of the facility. We expect to have an update on this when we provide our 3Q2020 trading update in October.

Viva Energy CEO, Scott Wyatt said: "At the conclusion of this year's major maintenance event, we will have invested more than \$600 million at the Geelong Refinery since we acquired the business in late 2014. We have shown strong commitment to manufacturing in Victoria and have extended this by continuing to operate our Refinery throughout these challenging times while undertaking the major maintenance of our key processing units.

Unfortunately, the impacts of COVID-19 and the restrictions on mobility and the economy are putting extreme pressures on the Refining business that we have not experienced before and are not

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sustainable over the longer term. We are closely monitoring the evolving situation and will continue to keep our employees, investors and stakeholders updated”

**Authorised for release by:** the Disclosure Committee of Viva Energy Group Limited

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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 1,260 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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