VIVA Energy Australia

ASX Release

23 January 2024

4Q2023 Trading Update and Unaudited FY2023 Financial Result

Viva Energy Group Limited today provides a trading update for the three months ended 31 December 2023 (**4Q2023**) and unaudited financial result for the 12 months ended 31 December 2023 (**FY2023**).

		4Q2023	4Q2022	Change (%)	Change (#)	2023	2022	Change (%)	Change (#)
Convenience & Mobility Fuel Volumes	*ML*	1,154	1,163	(0.8)	(9)	4,556	4,515	0.9	41
Commercial & Industrial Fuel Volumes	*ML*	2,941	2,617	12.4	324	10,965	9,737	12.6	1,228
Total Group Sales Volumes	*ML*	**4,095**	**3,780**	8.3	315	**15,521**	**14,252**	8.9	1,269
Convenience Sales[1]	*$M*	317	323	(1.9)	(6)	1,143	1,161	(1.6)	(18)
Convenience Gross Margin[2]	*%*	35.7	33.1	7.9	2.6	34.4	32.4	6.2	2.0
Geelong Refining Margin[3]	*(US$/BBL)*	8.8	15.1	(41.7)	(6.3)	9.8	17.1	(42.9)	(7.3)
Refining intake	*MBBL*[4]	9.3	10.4	(10.6)	(1.1)	31.6	41.9	(24.7)	(10.3)

Note: convenience sales and gross margin were under Coles Group (COL) ownership prior to 1 May 2023.

Group fuel sales volumes increased by 8.3% in 4Q2023 compared to the same period last year, led by particularly strong growth from Commercial & Industrial (C&I). For the year, fuel sales totalled 15,521 million litres (ML), more than 5% above pre-pandemic levels.

C&I grew sales by 12.4% to 2,941ML – its best quarterly result on record[5]. Sales growth was driven by the sustained recovery in the international aviation sector, continued growth from most other sectors and a contribution from the Australian Defence Force (ADF) business after securing the contract in July 2023.

Convenience & Mobility (C&M) achieved shop sales of $317 million and a gross margin of 35.7%, offsetting declining tobacco sales with strong growth in other categories. Although fuel sales were marginally down (-0.8% versus 4Q2022) as elevated fuel prices weighed on mobility, falling product prices bolstered retail fuel margins after the significant compression experienced in 3Q2023. Weekly sales volumes at the company-operated network (previously Coles Express) were relatively stable at 58 million litres.

The refinery returned to normal operations following extended major maintenance, with crude intake ramping up to full capacity over the quarter. However, this coincided with a period of weaker regional refining margins, elevated crude premia and outsales of surplus intermediate feedstocks resulting from the extended turnaround, driving a GRM of US$8.8/BBL in 4Q2023.

Unaudited FY2023 Energy & Infrastructure (E&I) EBITDA (RC)[6] is expected to be approximately $65 million inclusive of insurance recoveries (in relation to the compressor incident announced in June 2023). Unaudited Group EBITDA (RC) is expected to be approximately $710 million in FY2023, supported by strong performances in the C&M and C&I businesses.

Viva Energy Group Limited
Level 16, 720 Bourke Street, Docklands, Victoria, 3008
ABN 74 626 661 032

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Notes

1. C-store sales aligned with Coles Group (COL) reporting, which is based on number of trading weeks in the period.
2. Gross margin post waste and shrinkage.
3. The Geelong Refining Margin (GRM) 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 referrable 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.

   GRM 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. In its financial reporting, Viva Energy converts GRM into Australian dollars using the prevailing month average exchange rate.
4. MBBL: million barrels of oil.
5. Since Viva Energy listed on the ASX (July 2018).
6. Viva Energy reports its 'Underlying' performance on a "replacement cost" (RC) basis. RC is a non-IFRS measure under which the cost of goods sold is calculated on the basis of theoretical new purchases of inventory instead of historical cost of inventory. This removes the effect of timing differences and the impact of movements in the oil price.

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

Further enquiries:

Media Enquiries
Michael Cave
T: +61 409 647 910
E: michael.cave@vivaenergy.com.au

Investor Relations
David Gilmour
T: +61 3 8823 3110
E: investors@vivaenergy.com.au

About Viva Energy

Viva Energy (ASX: VEA) is a leading convenience retailer, commercial services and energy infrastructure business, with a history spanning more than 120 years in Australia. The Group operates a convenience and fuel network of more than 700 stores across Australia, and exclusively supplies Shell fuels and lubricants to a total network of more than 1,300 service stations.

Viva Energy owns and operates the strategically located Geelong Refinery in Victoria, and operates bulk fuels, aviation, bitumen, marine, chemicals, polymers and lubricants businesses supported by more than 20 terminals and 60 airports and airfields across the country.

www.vivaenergy.com.au