ASX Release

23 October 2023

3Q2023 Operating Update

Viva Energy Group Limited (the **Company**) today provides an operational update for the three months ended 30 September 2023 (**3Q2023**).

		3Q2023	3Q2022	Change (%)	Change (#)
Convenience & Mobility Fuel Volumes	ML	1,134	1,165	-2.6%	-31
Commercial & Industrial Fuel Volumes	ML	2,689	2,486	8.2%	203
Total Group Sales Volumes	*ML*	**3,823**	**3,651**	4.7%	172
Convenience Sales[1]	*$M*	277	284	-2.5%	-7
Convenience Gross Margin[2]	*%*	33.7	32.2	4.7%	1.5
Geelong Refining Margin[3]	*(US$/BBL)*	8.5	13.0	-34.6%	-4.5
Refining intake	*MBBL*[4]	6.1	10.0	-39.0%	-3.9

Note: convenience sales and gross margin in 3Q2022 were under Coles Group (COL) ownership.

The Group delivered comparatively strong fuel sales during 3Q2023, up 4.7% over the same period last year and in line with sales achieved in the previous quarter this year. This was a good performance in the context of rising oil prices and generally softer seasonal and economic conditions that persisted through the quarter.

Fuel and convenience sales through the company-controlled network (previously Coles Express) were in line with sales achieved in 2Q2023. While convenience sales declined by 2.5% versus the same period last year, gross margin improved by 1.5 percentage points to 33.7% due to continued growth in all categories excluding tobacco. The sharp rise in oil price, from US$75 per barrel to US$95 per barrel during the period, compressed retail fuel margins while these increased costs were progressively reflected in pump prices. Oil prices have since stabilised, which has in turn supported the recovery of retail fuel margins.

Commercial & Industrial (C&I) continues to perform well with robust demand (up 8.2% on the same quarter last year) and sustained margins. Most of the pricing structures in our Commercial and Industrial business provide for changes in oil price and exchange rate to be passed through to customers by way of formula pricing and regular updates in wholesale prices. Together with the diversity strength in this part of our business, this has supported continued strong returns through this period of heightened volatility.

Refining margins strengthened through the period due to tight oil supply, general global demand strength, and lower stocks heading into the northern hemisphere winter. This supported a GRM of US$8.50 per barrel despite curtailed production from extended major maintenance. Processing capability has been progressively restored, with focus now on normalising operations and reducing shipping and operating costs which were elevated through the maintenance period. Unaudited 3Q2023 Energy & Infrastructure (E&I) EBITDA (RC)[5] is expected to be a loss of approximately $20 million net of anticipated insurance recoveries (in relation to the compressor incident announced in June 2023).

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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 and in 2023 onwards is on a delivered to store basis.
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. 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

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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 1,300 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, polymers and lubricants businesses supported by more than 20 terminals and 60 airports and airfields across the country.

www.vivaenergy.com.au