ASX Release

22 October 2024

3Q2024 Operating Update and Convenience & Mobility FY2024 Guidance

Viva Energy Group Limited today provides an operating update for the three months ended 30 September 2024 (**3Q2024**) and Convenience & Mobility (**C&M**) EBITDA (RC)[1] guidance for the 12 months ending 31 December 2024 (**FY2024**).

		3Q2024	3Q2023*	Change (%)	Change (#)
Convenience & Mobility Fuel Volumes	*ML*	1,315	1,297	1.4	18
Commercial & Industrial Fuel Volumes	*ML*	2,849	2,746	3.7	103
Total Group Sales Volumes	*ML*	**4,164**	**4,043**	**3.0**	**121**
Core Fuel & Convenience Network[2]	*#*	995	991	0.4	4
Convenience Sales[3]	*$M*	448	473	(5.3)	(25)
Convenience Gross Margin[4]	*%*	39.6	37.1	6.7	2.5
Geelong Refining Margin[5]	*(US$/BBL)*	6.4	8.5	(24.7)	(2.1)
Geelong Refining Margin (adjusted for FSSP support)[6]	*(US$/BBL)*	7.9	8.5	(7.1)	(0.6)
Refining intake	*MBBL*[7]	10.1	6.1	65.6	4.0

* Viva Energy acquired OTR Group on 28 Mar 2024. To allow a like-for-like comparison, the prior corresponding period has been restated such that fuel volumes and convenience sales include pro forma OTR Group contributions and exclude the sites divested as part of the acquisition.

Highlights

- Total Group sales volumes were 4.2 billion litres (BL) in 3Q2024, up 3.0% compared to 3Q2023.
- Commercial & Industrial (**C&I**) sales grew 3.7%, driven by Defence, Aviation and Liberty Rural Group.
- Fuel sales in the C&M business grew by 1.4%, driven by network growth and improved trading conditions.
- Same-store Convenience and quick-service restaurant (**QSR**) sales, excluding tobacco, were in line with the same period last year, with improved margins (up 2.5 ppts) helping offset declines in tobacco sales (same-store convenience sales including tobacco declined 7%).
- Despite a challenging refining environment during the quarter, the Geelong Refining Margin (GRM) was US$6.4/BBL on crude intake of 10.1MBBLs, supported by a strong operating performance.
- Viva Energy expects to receive approximately A$24 million of support from the Federal Government's Fuel Security Services Payment (**FSSP**)[5], effectively increasing the GRM by US$1.5/BBL to above EBITDA (RC) breakeven levels. Support in 3Q2024 remains subject to confirmation from the Federal Government.
- The Geelong Strategic Storage Facility was commissioned during the quarter, lifting total storage capacity by 90 million litres (ML) to support the company's compliance with Minimum Stockholding Obligations and improve import capability.
- Bitumen export line was also commissioned, with first delivery of locally produced bitumen from Geelong to Sydney recently completed.

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

- Commenced final stage of Victorian environmental effects statement for establishment of the Gas Terminal at Geelong.

Outlook

- Taking into account softer retail conditions, lower tobacco sales and higher overheads through this transitional period, C&M EBITDA (RC) is expected to be between $230 million and $260 million in FY2024. The OTR business is more affected than the Express business due to illicit tobacco now impacting the South Australian market and higher overhead costs through the transition.
- The transition of fuel supply to Viva Energy (to be completed by end 1Q2025), together with the cessation of transitional services from Coles Group (during 2Q2025), early identification of convenience purchasing benefits and broader integration of Express and OTR, are expected to drive considerable cost reductions and earnings improvements from FY2025. Over $90 million per annum is expected to be delivered over the next three years (up from $60 million per annum previously guided).
- The conversion of Express stores to the OTR format is progressing in line with the updated conversion schedule provided in August 2024, supporting stronger sales growth as retail conditions are expected to improve in FY2025.
- While the refining environment is expected to remain challenging for the rest of FY2024, refining run-cuts and maintenance may help to rebalance global refining capacity and provide some support for margin improvement. The FSSP is expected to continue to provide base level support if current market conditions prevail.
- C&I is expected to continue to perform well through the rest of the year, in line with 1H2024.

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Notes

1. 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.
2. Comprises 680 Express, 210 OTR Group and 105 Liberty Convenience (LOC) fuel and convenience stores as at 30 Sep 2024. Does not include OTR's 31 standalone stores and Smokemart and Giftbox (SMGB) stores. Viva Energy owns 50% of LOC, with the right to fully acquire the business in Jan 2025 subject to regulatory approvals.
3. Convenience sales from the Express and OTR networks, including quick-service restaurant (QSR) sales. Does not include SMGB sales.
4. Convenience gross margin post waste and shrinkage.
5. 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.
6. Fuel Security Services Payment (FSSP) is payable when the Margin Marker falls below A$10.20/bbl. Support escalates in a linear fashion from 0 cents per litre (cpl) to 1.8 cpl (or A$0.0/bbl to A$2.90/bbl) until the support caps at the Margin Marker level of A$7.30/bbl. Geelong breakeven margin is effectively reduced by A1.8cpl or A$2.90/BBL. Support in 3Q2024 remains subject to confirmation from the federal government.
7. MBBL: million barrels of oil.

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 almost 900 stores across Australia, and exclusively supplies fuels and lubricants to a total network of more than 1,500 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.

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