Viva Energy Group Limited (the "Company")
ACN 626 661 032
Appendix 4D: Half-year report

Results for announcement to the market

The current reporting period is the six month period ended 30 June 2020. The previous corresponding period is the six month period ended 30 June 2019.

Period ended:	30 June 2020	30 June 2019	% change
Revenue	**6,667.1**	**7,902.7**	**(15.6%)**
Profit from ordinary activities after tax/net profit for the period attributable to shareholders			
Historical cost basis	**11.1**	**69.5**	**(84.0%)**
Replacement cost basis	**221.7**	**66.7**	**232.4%**
Underlying profit after tax attributable to shareholders			
Historical cost basis	**(176.3)**	**53.7**	**(428.3%)**
Replacement cost basis	**34.3**	**50.9**	**(32.5%)**

Brief explanation of basis of results

Profit from ordinary activities after tax and net profit for the period are prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards. The results for the period include a significant one-off gain from the sale of the Company's investment in Viva Energy REIT (now called Waypoint REIT). This is reflected in the net profit for the period attributable to shareholders above. See the Director's Report in the 2020 Interim Report for further detail in respect of this significant item.

Viva Energy reports its 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 the historical cost of inventory. As a result, it removes the effect of timing differences and management believes it enables users of the financial information to more clearly observe the operating performance of the business independently of the impact of movements in the oil price.

	Period ended 30 June 2020	Year ended 31 December 2019	% change
Net tangible asset per share	**1.05**	**1.07**	**(1.8%)**

Net tangible asset per share is derived by dividing net tangible assets by the number of shares on issue in the Company as at 30 June 2020 (1,936,276,034), with such number being applied to the historical period for the purposes of comparison. Net tangible assets are net assets attributable to members (including the right of use asset) less intangible assets.

Dividend	2020
2020 Interim dividend – amount per security (fully franked)	0.8 cents
Trading on ex dividend basis	28 August 2020
Record date for determining entitlement to final dividend	31 August 2020
Date dividend expected to be paid	16 September 2020

There is no dividend or distribution re-investment plan currently in operation and there is no foreign sourced income component distributed in relation to the dividend.

As announced on 17 August 2020, the Company proposes to return approximately $530 million, at $0.2740 per share to shareholders in October 2020. The return will comprise a capital return of approximately $415.1 million, at $0.2146 per share (subject to shareholder approval) and an unfranked special dividend of approximately $114.9 million, at $0.0594 per share determined by the Board. Further information is contained in the Notice of General Meeting released on ASX on 17 August 2020.

This information should be read in conjunction with the accompanying financial report of the Company and its controlled entities for the half year ended 30 June 2020 and ASX market releases made during the period.

Julia Kagan
Company Secretary
17 August 2020

Viva Energy Group Limited and controlled entities

Interim report - 30 June 2020

ACN: 626 661 032
ABN: 74 626 661 032

Contents

Directors' report

The Directors present their report, together with the Financial Report of Viva Energy Group Limited (the 'Company') and the entities it controlled (collectively, the 'Group'), for the half-year ended 30 June 2020.

This Directors' Report has been prepared in accordance with the requirements of the Corporations Act 2001.

A reference to Viva Energy, we, us or our is a reference to the Group or the Company, as the case may be.

Directors

The following persons were Directors of the Group during the whole of the half-year and up to the date of this report:

Robert Hill	Chairman, Independent Non-Executive Director
Scott Wyatt	Chief Executive Officer, Executive Director
Dat Duong	Non-Executive Director
Hui Meng Kho	Non-Executive Director
Arnoud De Meyer	Independent Non-Executive Director
Jane McAloon	Independent Non-Executive Director
Sarah Ryan	Independent Non-Executive Director

Company Secretaries

Lachlan Pfeiffer and Julia Kagan were Company Secretaries during the period.

Principal Activities

During the period, the principal activities of the Group included the following:

- sales of fuel and specialty products through Retail and Commercial channels across Australia;
- management of a national supply, distribution and terminal network; and
- manufacturing activities at the Group's Geelong oil refinery.

Viva Energy consolidated results for the half year ended 30 June 2020

The Group Net Profit After Tax ('NPAT') on a historical cost basis ('HC') for the half-year ended 30 June 2020 ('1H2020') was $11.1 million ('M'). After adjusting for net inventory gain/(loss) and significant one-off items relating to the disposal of the Group's investment in Viva Energy REIT (now renamed Waypoint REIT), Underlying NPAT on a replacement cost basis ('RC') for the period was $34.3M.

Reconciliation of Statutory Profit After Tax to Underlying NPAT (RC)	(A$M)
Statutory Profit After Tax	**11.1**
Add: Net inventory loss net of tax at 30%	210.6
Less: Significant one-off items	(187.4)
Underlying NPAT (RC)	**34.3**

The Underlying NPAT (RC) result is in line with the guidance update provided to the market on 16 June 2020.

Historical cost is calculated in accordance with IFRS and shows the cost of goods sold at the actual prices paid by the business using a first in, first out ('FIFO') accounting methodology. As such, HC accounting includes gains and losses resulting from timing differences between purchases and sales of inventory and the rise and fall of oil and product prices during that time. Gains and losses arising from the rise and fall of oil and product prices are typically offset by a change in working capital because of the higher or lower cost to replenish inventory. Replacement cost 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 the historical cost of inventory. As a result, it removes the effect of timing differences to enable users of the financial information to more consistently assess the underlying performance of the business.

Review of Results and Operations

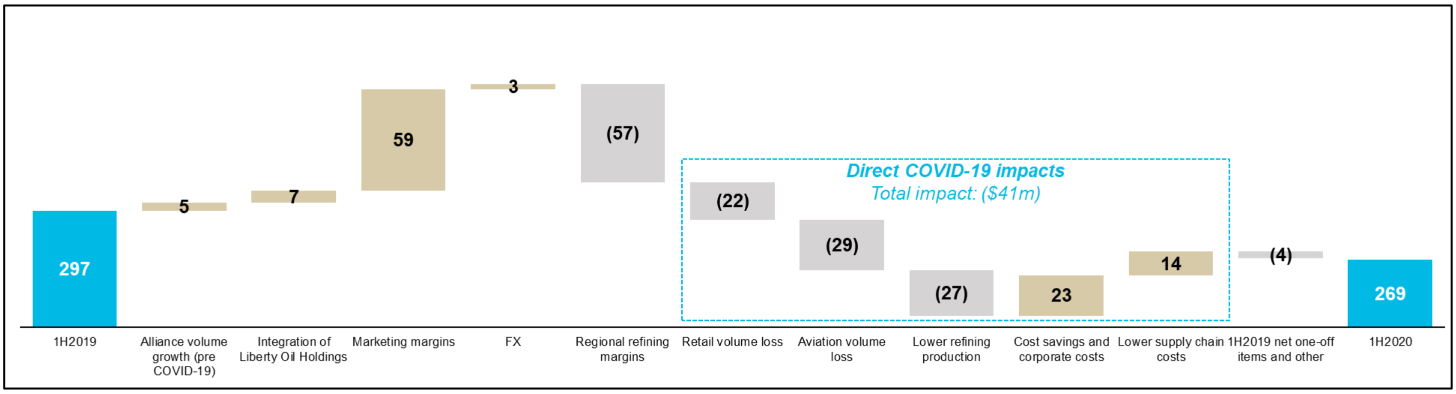
1H2020 business performance summary

The impact of the global COVID-19 pandemic and government actions to protect population health have led to progressive reductions in economic activity and significant demand destruction for Jet fuel, gasoline and to a lesser extent, diesel. During the quarter ended 30 March 2020 ('1Q2020') overall Group sales volume increased by 2.1% on the prior comparative period, however by the end of 1H2020 volumes were down 10.5% compared to the six months ended 30 June 2019 ('1H2019'). The outbreak of COVID-19 led to nation-wide restrictions, materially reducing retail volumes while travel restrictions significantly reduced aviation volumes during the period.

The Group achieved an Underlying EBITDA (RC) of $269.3M in 1H2020, in line with the market guidance provided on 16 June 2020 and down $28.1M when compared with 1H2019. Despite reduced volumes, retail EBITDA benefited from improved fuel margins and resilient market conditions in response to volume disruption while commercial and refining results were unfavourable compared to 1H2019 due primarily to the impacts of the COVID-19 pandemic.

The chart below illustrates half-on-half performance, highlighting the impacts of COVID-19 on the Group's financial results. Key business factors impacting on the results during the period were the positive pre COVID-19[1] volume growth in the Alliance and the 100% integration of earnings from Liberty Oil Holdings, strong retail fuel margins and low refining margins impacted by the decline in demand and stock builds resulting from COVID-19 and the higher crude premiums early in the year.

As shown on the right side of the chart, the identifiable direct financial impact of COVID-19 on 1H2020 EBITDA (RC) was $41M with key areas impacted being retail volumes (-$22M), aviation volumes (-$29M) and lower refining production (-$27M). In part mitigating these negative impacts are cost savings across the business of $23M combined with lower supply chain costs of $14M on the back of lower volumes, the deferral of non-critical maintenance and reduced energy costs.



Retail, Fuels and Marketing: Retail

Prior to the impacts of COVID-19, retail sales volumes in the Alliance continued to grow, with average sales volumes across 1Q2020 of 62.4 million litres per week, up 5.1% on the same period last year. With the restrictions imposed to manage COVID-19, average weekly sales volumes began to fall in mid-March, and subsequently fell to under 40 million litres per week in April 2020 before recovering during June 2020 to an average of 45.7 million litres for the quarter ended 30 June 2020 ('2Q2020'). Sales volume via Shell and Liberty branded supply contracts increased during the period on the back of strong growth in supply contracts during 2019 together with the new contracts secured during 1H2020. Fuel supply via this channel has shown more resilience to the impacts of COVID-19 given the prevalence of regionally located sites.

Wholesale volumes during the period also increased primarily due to the expansion of Liberty convenience retail sites and the 2019 acquisition of the remaining 50% of Liberty Wholesale.

Retail, Fuels and Marketing: Commercial

The Commercial business performed well for the first two months of the year with year-on-year volume growth driven primarily by the marine and aviation sectors. While other areas of the Commercial business were somewhat impacted by bushfires, floods and the impact of Cyclone Damien, the business continues to exhibit resilience.

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[1] Pre COVID-19 refers to the period 1 January to 29 February 2020.

With the onset of COVID-19 and the associated travel restrictions from the end of March 2020 onwards, the Aviation business has been the area most impacted. As a result of this impact in 2Q2020, aviation volumes were 74.1% lower than 2Q2019. For 1H2020, this translated to Aviation sales volumes being down approximately 39.6% compared to the same period last year and volumes continue to be depressed with travel restrictions still in place. The Company has worked closely with its Aviation customers to ensure continued support during these difficult times.

Given the timing of the pandemic reaching Australia, the traditional summer cruise season was relatively unaffected, however demand from this sector through the winter is expected to be lower than last year until cruises resume.

Other areas of the Commercial business have also been relatively unaffected with the Resource sector maximising production ahead of any potential COVID-19 impacts to operations in the future, the Transport sector being aided by continued freight activity and specialities remaining steady on the back of ongoing road infrastructure works and steady demand for chemicals and lubricants.

The Company has worked closely with its customers to successfully manage credit exposure and has not experienced any material loss.

Refining

Oil markets have been exceptionally weak since the end of 2019 with three major global events occurring in the past six months – the International Maritime Organisation ('IMO') 2020 marine fuel specification change, OPEC moving from an initial supply war to production discipline and the unprecedented COVID-19 oil demand destruction.

The transition to IMO2020 initially led to a sharp increase in sweet crude premia which weighed heavily on refining margins as diesel margins failed to increase and compensate as expected. The oversupply of crude caused initially by increased OPEC production, and further impacted by refinery run cuts due to COVID-19 demand destruction, has since seen a substantial reduction in these premia.

The outbreak of COVID-19 has had immediate impacts to the refinery, with local demand for gasoline and jet products significantly reduced and weaker regional refining margins due to lower global demand. In response to this environment, refinery production has been reduced and the refinery is now operating in a hydro-skimming mode, with its Residual Catalytic Cracking Unit (RCCU) unit currently shut down. This enables the refinery to manage gasoline and jet production, and reduce exposure to currently weak jet and gasoline margins.

The RCCU maintenance event commenced in July 2020 and is anticipated to be completed over 120 days compared to the original 55 day plan. This approach is being undertaken to best manage workforce risks associated with COVID-19 and to reduce event costs. An associated maintenance event of the Hydrofluoric Acid Alkylation unit has been deferred for potential completion during 2021. Total capital expenditure for the event is expected to be between $85 - 100 million in 2020, reduced from $110 - $140 million previously announced.

As at the date of release of these accounts, maintenance on the RCCU is progressing well, and it is expected that the refinery will be ready to return to full production by late October 2020. Restart will be dependent on recovery of local demand which has been impacted by level 3 and 4 restrictions, in addition to the expected refining margin at that time. The Company is continually monitoring the situation and adapting plans to minimise operating losses and return to profitability as quickly as possible.

Supply, Corporate and Overheads

During 1Q2020, Supply, Corporate and Overhead costs were in line with the prior corresponding period. However, as the COVID-19 pandemic began to impact the business in mid-March 2020, a number of cost reduction measures were implemented. These measures focussed on reducing supply chain costs where volumes had reduced and significantly reducing or deferring discretionary and corporate spend.

With many areas of the Group's supply chain operations unable to move to working-from-home arrangements, terminal specific protocols were implemented including designated work group rostering and the separation of maintenance and operations groups, strict adherence to social distancing, modified shift hand-over arrangements and additional cleaning. The Group worked closely with its supply chain partners to ensure the safety of all staff and to minimise excess capacity and wastage and worked successfully with key inventory providers to mitigate exposure to excess inventory holdings.

Directors' report (continued)

Summary Statement of Profit and Loss

	(A$M)	30 June 2020 Actual	30 June 2019 Actual	Variance
	Revenue	6,667.1	7,902.7	(1,235.6)
	Cost of goods sold (RC)	(5,992.6)	(7,186.2)	1,193.6
	Gross Profit (RC)	**674.5**	**716.5**	(42.0)
	Retail, Fuels & Marketing			
	Retail	*412.8*	*343.1*	*69.7*
	Commercial	*245.7*	*280.6*	*(34.9)*
	Refining	*23.4*	*113.7*	*(90.3)*
	Supply, Corporate and Overheads	*(7.4)*	*(20.9)*	*13.5*
1.	**Total Underlying EBITDA (RC)**	**269.3**	**297.4**	(28.1)
	Retail, Fuels & Marketing			
	Retail	*332.9*	*283.3*	*49.6*
	Commercial	*135.7*	*158.3*	*(22.6)*
	Refining	*(49.4)*	*18.4*	*(67.8)*
	Supply, Corporate and Overheads	*(149.9)*	*(162.6)*	*12.7*
2.	Share of profit from associates	3.4	16.1	(12.7)
	Net gain/(loss) on other disposal of PP&E	(1.3)	(0.7)	(0.6)
3.	Revaluation gain/(loss) on FX and oil derivatives	59.8	26.8	33.0
4.	Depreciation and amortisation	(195.4)	(170.6)	(24.8)
	Profit before interest and tax (RC)	**135.8**	**169.0**	(33.2)
5.	Add: Net inventory gain/(loss)	(300.9)	4.0	(304.9)
	Profit before interest and tax (HC)	**(165.1)**	**173.0**	(338.1)
6.	Net finance costs	(91.2)	(94.6)	3.4
	Profit before tax (HC)	**(256.3)**	**78.4**	(334.7)
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7.	Income tax benefit/(expense)	80.0	(24.7)	104.7
	Underlying Net Profit After Tax (HC)	**(176.3)**	**53.7**	(230.0)
	Less: Net inventory (loss) / gain net of tax at 30%	(210.6)	2.8	(213.4)
	Underlying Net Profit After Tax (RC)	**34.3**	**50.9**	(16.6)
8.	Significant one-off items (net of tax)	187.4	-	187.4
	One-off deferred tax benefit including tax consolidation	-	15.8	(15.8)
	Net Profit After Tax (HC)	**11.1**	**69.5**	(58.4)
9.	**Net Profit After Tax (RC)**	**221.7**	**66.7**	155.0
	Statutory earnings per share (HC)	0.6	3.5	(2.9)
	Underlying earnings per share (RC)	1.8	2.6	(0.8)

Directors' report (continued)

Summary Statement of Profit and Loss Analysis

1. Underlying EBITDA (RC)

(A$M)		30 June 2020 Actual	30 June 2019 Actual	Variance
a.	Retail, Fuels & Marketing			
a(i).	Retail	332.9	283.3	49.6
a(ii).	Commercial	135.7	158.3	(22.6)
b.	Refining	(49.4)	18.4	(67.8)
c.	Supply, Corporate and Overheads	(149.9)	(162.6)	12.7
Total Underlying EBITDA (RC)		**269.3**	**297.4**	**(28.1)**

a(i). Retail

The Retail business comprises a national network of close to 1,300 retail fuel and convenience sites which are operated through various channels such as sites operated with Coles Express under a long term alliance ("the Alliance"), un-manned truck stops owned and operated by Viva Energy and sites operated by independent dealer owners where Viva Energy supplies the fuel on a wholesale basis. Retail also includes sales to wholesalers and independent retail operators and fuel supply to Westside Petroleum Pty Ltd ("Westside") and LOC Global Pty Ltd ("Liberty Convenience") in each of which the Group holds a 50% equity interest.

Retail achieved an Underlying EBITDA (RC) of $332.9M, up $49.6M when compared with $283.3M achieved in the prior comparative period.

Prior to the impacts of COVID-19, retail sales volumes in the Alliance continued to grow, with average sales volumes in 1Q2020 of 62.4 million litres per week, up 5.1% on the same period last year.

With the restrictions imposed to manage COVID-19 from mid-March 2020, average weekly sales subsequently fell to under 40 million litres per week in April 2020 however as restrictions were relaxed and traffic began to recover, average volume for 2Q2020 was 45.7 million litres per week. The volume reduction experienced since the onset of COVID-19 equates to an EBITDA (RC) impact of -$21.7M.

The decline in retail volume during the period has been offset by cost reductions of ~$3M, primarily relating to reduced marketing spend, and improvements in retail fuel margins compared with levels achieved in 2019.

Also contributing to the increase in EBITDA (RC) compared to the prior comparative period is the full integration of the Liberty Oil Holdings business, which contributed $7M in 1H2020.

Looking forward, the focus remains on improving the customer experience and the competiveness of our offer, and on restoring sales growth and continued network expansion as the nation continues on the path to recovery from the COVID-19 pandemic.

During the period, two Viva Retail sites were opened and another seven independently owned retail sites were added to the Shell branded network.

In May 2020, the Company exercised the option to acquire the remaining 50% of Westside. Subsequent to half-year end, the acquisition received regulatory approval, with completion anticipated to occur in the quarter ending 30 September 2020 ('3Q2020').

Directors' report (continued)

Summary Statement of Profit and Loss Analysis

1. Underlying EBITDA (RC) (continued)

a(ii). Commercial

Commercial consists of the supply of fuel, lubricants and specialty products to commercial customers in the aviation, marine, bulk transport, resources, government, construction and manufacturing industries.

Commercial achieved an Underlying EBITDA (RC) of $135.7M, down $22.6M when compared with $158.3M achieved in the prior comparative period.

Commercial sales volumes are in-line with the same period last year, apart from declines experienced in Aviation. Aviation sales volumes for the period are down approximately 39.6% compared to the same period last year, as a result of the travel restrictions implemented in response to the COVID-19 pandemic. The traditional summer cruise season was relatively unaffected by the pandemic given the timing of the impacts in Australia. The Resources, Transport, and Specialties businesses have also been relatively unaffected by COVID-19 and the Company has worked closely with its customers to successfully manage credit exposure.

During the period the impact of reduced aviation volumes on EBITDA (RC) were in part offset by a reduction in aviation supply costs, the receipt of the JobKeeper grant, reduction in discretionary sales and marketing costs and by improving sales of Low Sulphur Fuel Oil ('LSFO'). The market remained competitive throughout the period despite the impact of COVID-19 and margin pressure continued.

b. Refining

Refining relates to the earnings from the refinery located in Geelong, Victoria ('The Geelong Refinery') which is owned and operated by the Company and converts imported and locally sourced crude oil into petroleum products including gasoline, diesel, jet fuel, aviation gasoline, gas, solvents, bitumen and other specialty products.

Refining incurred an Underlying EBITDA (RC) loss of ($49.4M) compared with the prior comparable period profit of $18.4M. Over the six month period, Geelong Refining Margins averaged US$2.9/BBL compared with US$5.1/BBL in the prior comparable period.

The most substantial impact on refining margins during the period was the onset of the COVID-19 global pandemic, which has greatly impacted both regional and global oil product demand and refining margins. The impact on the Geelong Refinery has resulted in intake rates on key units being reduced and production yields revised, in particular to gasoline and jet, to meet lower customer demand.

In April 2020, the Company made the decision to shut down the RCCU and move to hydro-skimming mode in response to the continued demand destruction from COVID-19 control measures. As a result of this change in operating mode, intake was 18.4MBBLS compared with 21.4MBBLS in the prior corresponding period.

Summary Statement of Profit and Loss Analysis

1. Underlying EBITDA (RC) (continued)

b. Refining (continued)

Operational availability (taking into account the above mentioned shut-downs) for the half-year was 97.3% compared with 94% for the prior corresponding period. This represents an improvement of 3.3% on the prior corresponding period. The first half of 2020 saw the successful completion of the first major cutover of the new Distributed Control System (DCS) on major pipelines and blending operations. In response to the challenging margin and demand environment, the Company made the decision to bring the start of the planned major maintenance of the RCCU and associated units forward to early July 2020 and defer the Hydrofluoric Acid Alkylation Unit planned maintenance to 2021. This planned major maintenance will extend across four months, with all units expected to be ready to be restarted in November 2020. This plan will enable the Company to better manage the risk of potential infection or disruption as a result of COVID-19, and to commence the major maintenance earlier while refining margins are expected to be impacted by reduced demand.

c. Supply, Corporate and Overheads

Supply, Corporate and Overheads achieved an Underlying EBITDA (RC) of ($149.9M) compared with ($162.6M) for the prior comparative period, a reduction of $12.7M.

Supply, Corporate and Overheads reduced, relative to 1H2019, due to reduced storage and handling maintenance and energy related costs, lower volumes and associated variable pipeline costs, cost saving initiatives in particular in relation to site maintenance, IT procurement and the non-recurrence of costs incurred in 2019 in connection with the acquisition of Liberty Wholesale, extension of the Alliance agreement and organisational restructuring.

2. Share of profit from associates

Share of profit from associates includes two months share of profit from Viva Energy REIT (now called Waypoint REIT) compared to six months in the prior comparable period as the Group sold its security holding in this investment at the end of February 2020. Also included in this line item is the Group's 50% share of profit/(loss) from Liberty Convenience and Westside.

3. Revaluation gain/(loss) on FX and oil derivatives

Revaluation gain/loss on FX and oil derivatives is impacted by realised and unrealised foreign exchange and associated hedges, flat oil price hedges and refinery margin hedging. During the period, a gain of $59.8M was recognised, $13.7M of which remained unrealised at 30 June 2020. This gain was recorded primarily as a result of the successful management of foreign exchange movements, which exhibited volatility within the period. Foreign exchange gains and losses primarily arise on purchases of oil inventories and partially offset inventory losses experienced during the period.

4. Depreciation and amortisation

Depreciation and amortisation of $195.4M is up $24.8M from the prior comparative period, with charges relating to property, plant and equipment up $13.8M to $73.2M, charges relating to leases up $7.3M to $105.6M and charges relating to intangibles up $3.7M to $16.6M.

The increase in depreciation primarily reflects the impact of a full six-months of charges from the large number of assets under construction capitalised during the course of 2019, while the increase in lease related charges reflects the additional leases forming part the acquisition of Liberty Oil Holdings on 1 December 2019.

Amortisation charges have increased primarily due to an additional two months of amortisation relative to the prior comparative period from the one off payment of $137.0M made to Coles Express upon renegotiating and extending the Alliance agreement (effective 1 March 2019). Amortisation of brand and customer contract intangibles recognised on acquisition of Liberty Oil Holdings has also contributed to the period on period increase.

Directors' report (continued)

Summary Statement of Profit and Loss Analysis	
5. Net inventory gain/(loss)	Net inventory gain/(loss) relates to the effect of movements in oil price and foreign exchange on inventory recorded at historical cost using the First In, First Out ('FIFO') principle of accounting. The loss of $300.9M recorded for 1H2020 reflects the decrease in oil prices experienced during the period, with the largest, most significant falls experienced during March with global macroeconomic factors affecting oil prices.
6. Net finance costs	For the period ended 30 June 2020, net finance costs of $91.2M were $3.4M lower than the prior comparative period and consisted of interest income of $2.7M, interest expense on borrowings, amortised transaction costs and fees associated with trade finance instruments of $6.9M, finance costs associated with leases of $84.1M and the unwinding of discount on balance sheet provisions of $2.9M. The decrease of $3.4M is due primarily to the Group being in a net cash position for most of the period following the sale of the Group's investment in Viva Energy REIT (now called Waypoint REIT). Offsetting the reduction in net cash related finance costs is an increase in lease related charges reflecting the additional leases forming part the acquisition of Liberty Oil Holdings on 1 December 2019.
7. Income tax expense	Viva Energy is subject to income tax expense on the basis of historical cost earnings rather than replacement cost earnings, i.e. NPAT (HC) rather than NPAT (RC). The underlying income tax benefit of $80.0M for the period represents an effective tax rate of 31.2% This does not include the impact relating to the disposal of the Group's investment in Viva Energy REIT (now called Waypoint REIT) which has been treated as a significant one-off item (refer to section 8 below).
8. Significant one-off items	In February 2020 the Group sold its 35.5% security holding (276,060,625 stapled securities) in Viva Energy REIT (now called Waypoint REIT) for an average of $2.66 per security by way of a fully underwritten block trade, and a sale to each of Charter Hall Group and the Charter Hall Long Wale REIT. The significant one-off gain of $187.4M relates to this sale and reflects the pre-tax gain of $122.2M, tax expense associated with the sale of ($48.6M) and a write-back of the $113.8M associated deferred tax liability. The deferred tax liability of $113.8M was based on the expected tax outcomes relating to the continued holding of the shares. Once the shares were sold, the deferred tax balance could be released.
9. Net Profit After Tax (RC)	The Net Profit After Tax (RC) of $221.7M is $155.0M higher than 1H2019 due to sale of the Group's investment in Viva Energy REIT combined with favourable revaluation of FX and oil derivatives, offset by the impact of COVID-19 particularly on the Commercial business's Aviation business and the impact of reduced refinery margins. Also impacting NPAT (RC) during the period was the reduction in profit of share of associates following the sale of the Viva Energy REIT investment and increased depreciation and amortisation charges.

Directors' report (continued)

Summary Balance Sheet

	(A$M)	30 June 2020 Actual	31 December 2019 Actual	Variance
1.	Working capital	162.5	202.2	(39.7)
2.	Property, plant and equipment	1,444.7	1,474.8	(30.1)
3.	Right-of-use assets	2,293.4	2,328.1	(34.7)
4.	Intangible assets	640.6	657.0	(16.4)
5.	Investment in associates	23.9	641.8	(617.9)
6.	Net cash / (debt)	480.9	(137.4)	618.3
7.	Lease liability	(2,467.1)	(2,448.3)	(18.8)
8.	Long-term provisions, other assets and liabilities	(144.6)	(160.1)	15.5
9.	Net deferred tax asset/(liability)	237.1	166.0	71.1
10.	**Total equity**	**2,671.4**	**2,724.1**	**(52.7)**

Summary Balance Sheet Analysis

1. Working capital

Working capital decreased by $39.7M as a result of the reduction in the average benchmark crude and refined product prices of US$45.8/BBL between December 2019 and June 2020, combined with decreased sales volumes and a reduction in inventory holdings at period end. The reduction was in part offset by reduced purchases and an increase in current tax assets of $76.2M, representing the tax loss for the period based on historical cost reporting and adjusted for movements in deferred tax balances. Working capital includes a loss allowance for expected credit losses of ($5.1M) at 30 June 2020, compared to ($4.2M) at 31 December 2019.

2. Property, plant and equipment (PP&E)

Property, plant and equipment relates to freehold terminal property, leasehold retail and terminal improvements, plant and infrastructure such as tanks and pipelines held at terminals, airports and retail sites and the Geelong Refinery land and equipment.

Property, plant and equipment decreased by $30.1M during the year as a result of capital expenditure of $52.1M (down by $17.8M compared to the prior comparable period), purchase of land for development of $1.4M, offset by depreciation of $73.2M, the transfer of $2.8M of software to intangibles and $6.4M leased vehicles to right-of-use asset as well as minor write-offs and disposals (-$1.2M).

The decrease in capital expenditure is a result of the outbreak of COVID-19, which led the Group to lower its capital expenditure guidance for the year ending 31 December 2020 to approximately $60 – 80 million (down from the previous guidance of $140 – 160 million) excluding the Residual Catalytic Cracking Unit (RCCU) turnaround. The reduced capital expenditure will enable the Group to preserve cash and minimise the risk associated with commencing projects in an environment where social distancing and infection management restrict the ability to have large gatherings of workers. Critical safety and asset integrity projects will continue uninterrupted.

A breakdown of capital expenditure for the period by business area is outlined below.

	(A$M)	30 Jun 2020	30 Jun 2019	Variance
a.	Retail, Fuels & Marketing	6.1	8.0	(1.9)
b.	Refining	38.9	43.7	(4.8)
c.	Supply, Corporate and Overheads	7.1	18.2	(11.1)
	Total PP&E	**52.1**	**69.9**	**(17.8)**

Directors' report (continued)

Summary Balance Sheet Analysis

2. Property, plant and equipment (continued)	In light of the current economic conditions a review of the Group's 2020 capital expenditure program was undertaken and all non-essential projects were reassessed or deferred. Capital expenditure retained in the 2020 plan relates primarily to asset integrity and safety related projects, and the refinery major maintenance event. As a result, period-on-period capital expenditure across the Group has reduced. **a. Retail, Fuels & Marketing** Retail, Fuels and Marketing capital expenditure of $6.1M (down $1.9M) with the current period spend primarily relating to the replacement of existing retail site assets such as pumps, canopies, signage and in-store heating, ventilation and air conditioning. **b. Refining** Refinery capital expenditure of $38.9M (down $4.8M) with the majority of the current period spend relating to the planning and preparation for the 2H major maintenance event (RCCU), together with a catalyst change to hydrogen sulphide unit (HDS2) and an upgrade to the refinery's Distributed Control System (DCS). **c. Supply, Corporate and Overheads** Supply, Corporate and Overheads capital expenditure of $7.1M (down $11.1M) with spend for 1H2020 focused on asset integrity and safety related projects.
3. Right-of-use assets	The right-of-use assets balance as at 30 June 2020 was $2,293.4M, a decrease of $34.7M from the prior comparative period with lease extensions, new leases and lease payment escalations totalling $64.5M, reclassifications of $6.4M offset by depreciation charges of $105.6M.
4. Intangible assets	Intangible assets decreased by $16.4M with acquisitions and transfers in from assets under construction of $2.8M offset by a reduction in goodwill recognised on the 2019 acquisition of Liberty Wholesale (-$2.6M) and amortisation charges of $16.6M.
5. Investment in Associates	Investments in associates decreased by $617.9M during the period primarily due to the sale of the Group's 35.5% security holding in Viva Energy REIT (now called Waypoint REIT) in February 2020. Also impacting this balance is the recognition of the Group's 50% of profit/(loss) from Liberty Convenience and Westside. Share of profit/(loss) from associates is recorded against this investment offset by distributions or dividends received.
6. Net cash / (debt)	Net cash relates to Viva Energy's cash holdings net of the Revolving Credit Facility (nil drawn down at period end), which is used as a working capital facility to fund fluctuations in working capital. Viva Energy does not hold any long-term structural debt. Net cash for the half-year was $480.9M primarily due the sale of the Group's investment in Viva Energy REIT (now called Waypoint REIT) as referred to above.
7. Lease liability	The lease liability balance as at 30 June 2020 was $2,467.1M, an increase of $18.8M from the prior comparative period with lease extensions, new leases and lease escalations of $64.5M, reclassifications of $3.6M offset by payments of principal totalling $49.3M.

Directors’ report (continued)

Summary Balance Sheet Analysis	
8. Long-term provisions, other assets and liabilities	Long-term provisions, other assets and liabilities predominantly relate to: (i) long-term provisions associated with asset retirement obligations, (ii) environmental provisions, (iii) post-employment benefits, (iv) derivative assets and liabilities and (v) loans to equity-accounted investees. The net liability decrease of $15.5M during the period primarily represents an increase in the net derivative asset position of the Group, offset in part by the reduction in the fair value of the net defined benefit asset relating the Group’s defined benefit superannuation plan as a result of current economic conditions.
9. Net deferred tax asset/(liability)	Net deferred tax assets relate to the tax effected difference between the carrying value of assets and liabilities recorded under accounting and those recorded for tax purposes. The increase in net deferred tax assets of $71.1M was primarily due to adjustments in the current period connected with the Group’s sale of its 35.5% security holding in Viva Energy REIT (now called Waypoint REIT). Prior to the sale the Group held a deferred tax liability of $113.8M in relation to the REIT based on the expected tax outcomes of the Group continuing to hold the securities. Once the securities were sold, the deferred tax balance could be released. Also impacting the balance during the period are the typical movements in deferred tax due to origination or reversal of temporary differences between taxable income and profit during the year, along with movements posted directly to equity or other comprehensive income.
10. Total Equity	Total equity decreased due to the payment of a $50.6M dividend in April 2020 combined with the buying-back of shares by the Company during the period. Also impacting equity were the adjustments made to reserves in relation to the exercising of options by senior management, the recognition of the remeasurement of retirement benefit obligations, the recycling of the fair value of cash flow hedges relating to Viva Energy REIT (now called Waypoint REIT) due to the investment being sold during the period and the recording of NPAT (HC) of $11.1M.

Directors' report (continued)

Summary Statement of Cash Flows

	(A$M)	30 June 2020 Actual	30 June 2019 Actual	Variance
	Profit before interest, tax, depreciation and amortisation (HC) before significant items	**30.3**	**343.6**	**(313.3)**
	(Increase)/decrease in Trade and other receivables	*335.8*	*(168.0)*	*503.8*
	(Increase)/ decrease in inventories	*544.7*	*(88.0)*	*632.7*
	(Increase)/decrease in Prepayments	*9.4*	*58.0*	*(48.6)*
	(Decrease) / Increase in Trade and other payables	*(742.3)*	*89.9*	*(832.2)*
	(Decrease) / increase in provisions	*(7.2)*	*(22.2)*	*15.0*
1.	Changes in working capital	140.4	(130.3)	270.7
	Change in other assets and liabilities	(14.5)	90.7	(105.2)
	Unrealised loss/(gain) on FX and derivatives	(13.7)	11.9	25.6
2.	Non-cash items in profit before interest, tax, depreciation and amortisation	(6.6)	0.7	(7.3)
	Operating free cash flow before capital expenditure	**135.9**	**316.6**	**(180.7)**
	Payments for PP&E and intangibles	(52.4)	(69.9)	17.5
	Proceeds from sale of PP&E	0.2	-	0.2
	Net outlfows for land developments	(1.4)	-	(1.4)
	Coles Express Alliance payment	-	(137.0)	137.0
3.	Proceeds from sale of investments	730.1	-	730.1
4.	Payment for treasury shares (net of contributions)	(7.9)	(12.5)	4.6
5.	Share buy back	(12.7)	-	(12.7)
	Dividends received from associates	19.8	19.4	0.4
	Net free cash flow before financing, tax and dividends	**811.6**	**116.6**	**695.0**
	Loan to Westside Petroleum	-	(2.3)	2.3
	Finance costs	(87.8)	(86.8)	(1.0)
6.	Income tax instalments	(2.5)	(59.9)	57.4
7.	Dividends paid	(50.6)	(93.3)	42.7
	Repayment of lease liability	(49.3)	(42.5)	(6.8)
	Net cash flow before borrowings	**621.4**	**(168.2)**	**789.6**
	Net drawings/(repayment) of borrowings	(260.0)	137.1	(397.1)
	Net cash flow	**361.4**	**(31.1)**	**392.5**
	Opening net debt	**(137.4)**	**0.2**	**(137.6)**
	Amortisation of capitalised borrowing costs	(0.7)	(0.7)	-
	Reclassification of capitalised borrowing costs	(2.4)	-	(2.4)
	Closing net debt	**480.9**	**(168.7)**	**649.6**
	Change in net debt	**618.3**	**(168.9)**	**787.2**

Directors' report (continued)

Summary Statement of Cash Flows Analysis	
1. Change in working capital	Working capital movements relating to operating free cash flow decreased as a result of the reduction in the average benchmark crude and refined product prices of US$45.8/BBL between December 2019 and June 2020, combined with decreased sales volumes and a reduction in inventory holdings at period end. The reduction was in part offset by reduced purchases in the latter part of the period. The release of working capital is expected to continue into 2H2020 as the effect of the reduction in the oil price continues to flow through the accounts. The change in working capital above excludes the movement in current tax assets, unrealised gains and losses on foreign exchange and oil derivatives and other minor movements relating to equity transactions and balance sheet reclassifications.
2. Non-cash items	Profit before interest, tax, depreciation and amortisation (HC) before significant items includes certain non-cash items such as; share of profit of associates ($3.4M), loss on disposal of property, plant and equipment (-$1.3M), share based payment expenses (-$1.5M), charges to reserves ($2.0M) and gains/(losses) on the remeasurement of defined benefit plan obligations ($4.0M).
3. Proceeds from sale of investments	In February 2020, the Group sold its 35.5% security holding (276,060,625 stapled securities) in Viva Energy REIT (now called Waypoint REIT) for an average of $2.66 per security by way of a fully underwritten block trade, and a sale to each of Charter Hall Group and the Charter Hall Long Wale REIT. Total proceeds of $734.3M were received and $4.2M of transaction costs were incurred.
4. Payment for treasury shares (net of contributions)	During the period 5.7M treasury shares were purchased at an average price of $1.38 per share ($7.9M) to be utilised to fulfil the Group's obligations in relation to its employee share plans. The Group received $1.5M in contributions from employees to purchase shares under the Employee Share Plan whereby employees can purchase a limited number of shares pre-tax. As at 30 June 2020, the Company held 4.9M treasury shares valued at $6.5M.
5.Share buy back	As announced on 18 March 2020, the Company commenced an on-market buy-back programme during the period. Purchasing of shares under the buy-back programme commenced on 18 June 2020 with 8,259,134 shares purchased by 30 June 2020 at an average price across the period of $1.7923 per share.
6. Income tax instalments	Other than a tax payment of $2.5M in relation to our Singapore based entity (Viva Energy S.G. Pte Ltd), there were no tax instalments paid during the period given the tax loss recognised in the most recently lodged tax return.
7. Dividends paid	On 15 April 2020 the Company paid a fully-franked dividend of 2.6 cents per share in relation to the six months ended 31 December 2019.

Directors' report (continued)

Dividends

The Group determined and paid a dividend of $50.6 million (2.6 cents per share) to shareholders on 15 April 2020. The fully franked dividend was in relation to the six-month period ended 31 December 2019.

A fully-franked interim dividend of 0.8 cents per share was determined by the Board on 17 August 2020, payable to shareholders on 16 September 2020. This dividend has not been included as a liability in these interim financial statements. The total estimated dividend to be paid is $15.5 million.

As announced on 17 August 2020, the Company proposes to return approximately $530 million, at $0.2740 per share to shareholders in October 2020. The return will comprise a capital return of approximately $415.1 million, at $0.2146 per share (subject to shareholder approval) and an unfranked special dividend of approximately $114.9 million, at $0.0594 per share determined by the Board. Further information is contained in the Notice of General Meeting released on ASX on 17 August 2020.

Events occurring after the end of the reporting period

Capital management

In February 2020, Viva Energy sold its non-core 35.5% interest in Waypoint REIT (formerly Viva Energy REIT), generating $680 million in after-tax proceeds. Since the divestment, the Company has considered the most appropriate manner to return funds to shareholders. During this period, the COVID-19 pandemic has greatly impacted the Australian economy, and the Company determined in March 2020 to delay commencement of the proposed capital management initiative to consider the effects of the pandemic.

The Company has had the opportunity to understand the scope of impacts, and the existing and potential impacts on the business. Whilst particular divisions of the Company have been impacted, the Company retains a strong balance sheet, and the proceeds from the divestment remain surplus to normal ongoing capital structure of the business. Accordingly, the Company has determined that distributing proceeds to shareholders remains in their best interest, and the most efficient mechanism is through a capital reduction and special dividend, in conjunction with the existing on-market buy-back.

The Company proposes to return approximately $530 million, at $0.2740 per share to shareholders in October 2020. The return will comprise a capital return of approximately $415.1 million, at $0.2146 per share (subject to shareholder approval) and an unfranked special dividend of approximately $114.9 million, at $0.0594 per share determined by the Board. The existing on-market buy-back programme, targeting initially up to $50 million, is expected to continue following the implementation of the capital return and special dividend.

The Company intends to return the balance of the after-tax proceeds, totalling approximately $100 million, to shareholders under a final component of this capital management initiative. The Company will advise shareholders when the optimal timing and method to distribute those proceeds has been determined.

An equal and proportionate share consolidation of 0.84 shares for every one share currently held (i.e. 25 shares would become 21) will also be undertaken, to adjust Viva Energy's number of shares for the quantum of the cash return.

The capital management initiatives described above replace the off-market buy-back that the Company announced an intention to pursue in February 2020. The proposed capital return and special dividend are expected to be a more effective means of distributing the proceeds to shareholders having regard to the current share price and Company's tax attributes at this time.

Further information regarding the capital management program is contained in the Notice of Meeting released on ASX on 17 August 2020.

Westside arrangements

On 5 March 2020, the Group agreed to acquire the remaining 50% interest in Westside Petroleum Pty Ltd for a nominal purchase price of $1. Subsequent to half-year end, the acquisition received regulatory approval, with completion anticipated to occur in 3Q2020.

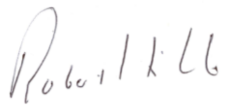
Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* is included on page 20.

Rounding of amounts

The Company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest hundred thousand dollars in accordance with the instrument, unless stated otherwise.

This report is made in accordance with a resolution of Directors.



Robert Hill
Chairman

Scott Wyatt
Managing Director

17 August 2020

Auditor's Independence Declaration

As lead auditor for the review of Viva Energy Group Limited for the half-year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Viva Energy Group Limited and the entities it controlled during the period.

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
17 August 2020

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Consolidated statement of profit or loss

For the half-year ended 30 June 2020

	Notes	30 June 2020 $M	30 June 2019 $M
Revenue	4	**6,667.1**	**7,902.7**
Replacement cost of goods sold		(3,649.1)	(4,818.4)
Net inventory gain/(loss)		(300.9)	4.0
Sales duties, taxes and commissions		(2,154.6)	(2,218.0)
Import freight expenses		(188.9)	(149.8)
Historical cost of goods sold		**(6,293.5)**	**(7,182.2)**
Gross profit		**373.6**	**720.5**
Profit on sale of equity investment	12	122.2	-
Net gain/(loss) on other disposal of property, plant and equipment		(1.3)	(0.7)
Other Income	5	8.8	-
Total Other income/(loss)		**129.7**	**(0.7)**
Transportation expenses		(119.8)	(122.0)
Salaries and wages		(139.8)	(130.2)
General and administration expenses		(67.0)	(55.0)
Maintenance expenses		(41.9)	(50.7)
Lease related expenses		(6.3)	(12.9)
Sales and marketing expenses		(42.4)	(50.9)
		86.1	**298.1**
Interest income		2.7	1.3
Share of profit of associates		3.4	16.1
Realised/unrealised gain on derivatives		79.3	11.1
Net foreign exchanges (loss) / gain		(16.4)	18.3
Depreciation and amortisation expenses	5	(195.4)	(170.6)
Finance costs	5	(93.9)	(95.9)
Profit/(loss) before income tax		**(134.2)**	**78.4**
Income tax benefit/(expense)	11	145.3	(8.9)
Profit after tax		**11.1**	**69.5**
Earnings per share		**cents**	**cents**
Basic earnings per share		0.6	3.6
Diluted earnings per share		0.6	3.5

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

For the half-year ended 30 June 2020

	Notes	30 June 2020 $M	30 June 2019 $M
Profit for the half-year		**11.1**	**69.5**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent years (net of tax)			
Effective portion of changes in fair value of cash flow hedges – Unrealised gains/(losses) on cash flow hedges recognised by Viva Energy REIT (now called Waypoint REIT)		-	(4.3)
Recycling of unrealised gains/(losses) on cash flow hedges on disposal of investment in Viva Energy REIT (now called Waypoint REIT)		6.4	-
Other comprehensive income not to be reclassified to profit or loss in subsequent years (net of tax)			
Remeasurement of retirement benefit obligations		(4.0)	(3.0)
Net other comprehensive income/(loss)		**2.4**	**(7.3)**
Total comprehensive income for the half-year (net of tax)		**13.5**	**62.2**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2020

	Notes	30 June 2020 $M	31 December 2019 $M
ASSETS			
Current assets			
Cash and cash equivalents		480.9	127.2
Trade and other receivables		912.0	1,247.8
Inventories	8	651.0	1,195.6
Assets classified as held for sale		14.6	6.7
Derivative assets	13	15.0	0.2
Prepayments		13.9	20.9
Current tax assets		107.4	31.2
Total current assets		**2,194.8**	**2,629.6**
Non-current assets			
Long-term receivables		38.5	38.4
Property, plant and equipment	9	1,430.1	1,468.1
Right-of-use assets		2,293.4	2,328.1
Goodwill and other intangible assets	10	640.6	657.0
Post-employment benefits		-	6.9
Investments accounted for using the equity method	12	23.9	641.8
Net deferred tax assets		237.1	166.0
Other non-current assets		1.9	2.3
Total non-current assets		**4,665.5**	**5,308.6**
Total assets		**6,860.3**	**7,938.2**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		1,401.4	2,165.5
Provisions		120.6	127.8
Short-term lease liabilities		136.7	128.0
Short-term borrowings		-	7.7
Derivative liabilities	13	12.7	19.0
Total current liabilities		**1,671.4**	**2,448.0**
Non-current liabilities			
Provisions		93.8	95.7
Long-term borrowings		-	256.9
Long-term lease liabilities		2,330.4	2,320.3
Long-term payables		93.3	93.2
Total non-current liabilities		**2,517.5**	**2,766.1**
Total liabilities		**4,188.9**	**5,214.1**
Net assets		**2,671.4**	**2,724.1**
Equity			
Contributed equity	15	4,840.7	4,861.3
Treasury shares	15	(6.5)	(14.2)
Reserves		(4,246.8)	(4,246.5)
Retained earnings		2,084.0	2,123.5
Total equity		**2,671.4**	**2,724.1**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half-year ended 30 June 2020

	Notes	Contributed equity $M	Treasury shares	Reserves $M	Retained earnings $M	Total equity $M
Balance at 1 January 2019		**4,861.3**	**-**	**(4,226.4)**	**2,144.2**	**2,779.1**
Profit for the half-year		-		-	69.5	69.5
Unrealised gains/(losses) on cash flow hedges recognised by Viva Energy REIT		-	-	(4.3)	-	(4.3)
Remeasurement of retirement benefit obligations		-	-	(3.0)	-	(3.0)
Total comprehensive income for the half-year		**-**	**-**	**(7.3)**	**69.5**	**62.2**
Dividends paid		-	-	-	(93.3)	(93.3)
Capital return		-	-	(12.3)	-	(12.3)
Balance at 30 June 2019		**4,861.3**	**-**	**(4,246.0)**	**2,120.4**	**2,735.7**
Balance at 1 January 2020		**4,861.3**	**(14.2)**	**(4,246.5)**	**2,123.5**	**2,724.1**
Profit for the half-year					11.1	11.1
Other Comprehensive Income recycled on sale of investment		-	-	6.4	-	6.4
Remeasurement of retirement benefit		-	-	(4.0)	-	(4.0)
Total comprehensive income for the half-year		**-**	**-**	**2.4**	**11.1**	**13.5**
Dividends paid	7	-	-	-	(50.6)	(50.6)
Reserve arising from IPO		-	-	(2.7)	-	(2.7)
Share buy-back		(20.6)	-	5.8	-	(14.8)
Share based payment expense		-	-	1.5	-	1.5
Proceeds from plan participants		-	-	6.5	-	6.5
Acquisition of treasury shares		-	(7.9)	-	-	(7.9)
Issue of shares to plan participants		-	15.6	(13.8)	-	1.8
Balance at 30 June 2020		**4,840.7**	**(6.5)**	**(4,246.8)**	**2,084.0**	**2,671.4**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the half-year ended 30 June 2020

	Notes	30 June 2020 $M	30 June 2019 $M
Operating activities			
Receipt from trade and other debtors		8,697.4	8,964.3
Payments to suppliers and employees		(8,566.7)	(8,647.5)
JobKeeper payments received		5.1	-
Interest received		2.7	1.2
Interest paid on borrowings, trade finance and commitment fees		(6.3)	(6.2)
Interest paid on lease liability		(84.1)	(81.8)
Net income tax paid		(2.5)	(59.9)
Net cash flows from/(used in) operating activities		**45.6**	**170.1**
Investing activities			
Purchases of property, plant and equipment		(52.1)	(69.9)
Proceeds from sale of property, plant and equipment		0.2	-
Purchase of land for resale		(6.8)	-
Proceeds from sale of land		5.4	-
Proceeds from sale of investments	12	730.1	-
Coles Express Alliance payment		-	(137.0)
Payment for treasury shares (net of contributions)		(7.9)	(12.5)
Payments for shares bought back	15	(12.7)	-
Dividends received from associates		19.8	19.4
Purchase of intangible asset		(0.3)	(0.2)
Loan to associate		-	(2.3)
Net cash flows from/(used in) investing activities		**675.7**	**(202.5)**
Financing activities			
Drawdown of borrowings		535.0	2,475.0
Repayments of borrowings		(795.0)	(2,335.0)
Dividend paid	7	(50.6)	(93.3)
Upfront financing cost paid and capitalised		-	(2.9)
Repayment of lease liability		(49.3)	(42.5)
Net cash flows from/(used in) financing activities		**(359.9)**	**1.3**
Net increase/(decrease) in cash and cash equivalents		361.4	(31.1)
Cash and cash equivalents at the beginning of the half-year		119.5	108.6
Cash and cash equivalents at the end of the half-year		**480.9**	**77.5**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Corporate information

Reporting entity

The consolidated interim financial report of Viva Energy Group Limited ('Company') and the entities it controlled (collectively, 'Group') for the half-year reporting period ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors on 17 August 2020. The Company is a for-profit Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: VEA).

2. Basis of preparation

The consolidated interim financial report for the half-year ended 30 June 2020:

- has been prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standard AASB134 *Interim Financial Reporting*;
- does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the 31 December 2019 Annual Report and any public announcements made by Viva Energy Group Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth) and the Listing Rules of the ASX; and
- is presented in Australian dollars ($) and rounded to the nearest one hundred thousand dollars ($100,000) or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investment Commission Corporations Instrument 2016/191.

The accounting policies adopted are consistent with those of the Group's annual consolidated financial statements for the year ended 31 December 2019 and corresponding 30 June 2019 interim reporting period, except for the required adoption of new and amended accounting standards effective from 1 January 2020 and with the inclusion of policy regarding the Group's treatment of government grants. Grants from the government are recognised at their value where there is a reasonable assurance that the grant will be received and the Group will apply with all attached conditions. Grants are recognised in the period to which they relate. Government grants are included in "Other income" in the Consolidated statement of profit and loss. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(a) New and amended accounting standards adopted by the Group

The Group has adopted all new and revised standards and interpretations as required by the Australian Accounting Standards Board effective from 1 January 2020. As they are primarily clarifications, the adoption of these new standards and interpretations has not required a change in the Groups accounting policies.

To enhance the comparability across both periods, comparative figures have been adjusted to conform to changes in presentation for the current half-year. There has been no impact to the profit and loss.

3. Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the half-year to 30 June 2020:

- COVID-19 and its impact on the performance of the Group, with the Retail, Aviation and Marine businesses together with the refinery particularly impacted;
- on 21 February, the Group sold its 35.5 percent security holding in Viva Energy REIT (now called Waypoint REIT) (see note 12);
- a share buy-back program was announced during the period, which to 30 June 2020 had reduced shares on issue by 8,259,134 ordinary shares (see note 15);
- on 5 May 2020 the Group agreed to acquire the remaining 50% interest in Westside Petroleum Pty Ltd. Subsequent to half-year end, the acquisition received regulatory approval, with completion anticipated to occur in 3Q2020 (see note 12).

4. Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	30 June 2020	30 June 2019
	$M	$M
Revenue from contracts with customers		
Revenue from sale of goods	6,567.0	7,817.4
Non-fuel income	88.9	78.6
	6,655.9	7,896.0
Other revenue	11.2	6.7
Total revenue	**6,667.1**	**7,902.7**

5. Other items of profit or loss

Other income

The Company recorded payments of $8.8 million from the Government "JobKeeper" scheme which have allowed it to support employees in the most impacted parts of the business, particularly in the aviation and refining business.

	30 June 2020	30 June 2019
Depreciation and amortisation	$M	$M
Property, plant and equipment	(73.2)	(59.4)
Right-of-use assets	(105.6)	(98.3)
Intangible assets	(16.6)	(12.9)
Total depreciation and amortisation	**(195.4)**	**(170.6)**

	30 June 2020	30 June 2019
Finance costs	$M	$M
Interest on borrowings, trade finance and commitment fees	(6.9)	(11.1)
Interest on lease liabilities	(84.1)	(81.8)
Unwinding of discount on provisions	(1.7)	(2.2)
Unwinding of discount on long-term payables	(1.2)	(0.8)
Total finance costs	**(93.9)**	**(95.9)**

6. Segment information

The Group has identified its operating segments on the basis of how the Chief Operating Decision Maker reviews internal reports about components of the Group to assess performance and determine the allocation of resources. The Group is organised into business units based on operational activities and has three reportable segments:

Retail, Fuels and Marketing

The Retail, Fuels and Marketing segment consists of both retail and commercial sales and marketing of fuel and specialty products in Australia under the Shell and Viva Energy brands as well as generation of substantial non-fuel income. All sales and marketing focused activities are included in this segment.

Refining

The Group's Geelong refinery in Corio, Victoria, refines crude oil into petrol, diesel and jet fuel. The refinery also manufactures and produces specialty products such as liquid petroleum gas, bitumen, oils and chemical products.

Supply, Corporate and Overheads

The Group owns and manages an integrated supply chain of terminals, storage facilities, depots, pipelines and distribution assets throughout Australia in order to facilitate product distribution and delivery through wholesale and retail sites. This segment also includes property expenses and corporate functions that facilitate business activity. These activities have been grouped as a segment as they largely represent the overhead base of the business and undertake all the non-sales and non-manufacturing activities within the Group.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. The performance of operating segments is evaluated based on segment profit and loss, and is measured consistently with profit or loss in the consolidated financial statements in accordance with the Group's accounting policies. Transfer prices between operating segments are on an arm's length basis similar to transactions with third parties.

Geographical information

The Group's country of domicile is Australia. The Group has operations in Australia and Singapore however the majority of revenues are generated in Australia. All of the Group's non-financial non-current assets are located in Australia.

Information about reportable segments

30 June 2020	Retail, Fuels and Marketing	Refining	Supply, Corporate and Overheads	Total Segments
	$M	$M	$M	$M
Segment revenue:				
Total segment revenue	6,613.0	1,597.1	5,903.9	14,114.0
Inter-segment revenue	-	(1,597.1)	(5,849.8)	(7,446.9)
External segment revenue	**6,613.0**	**-**	**54.1**	**6,667.1**
Gross profit	658.5	23.4	(7.4)	674.5
Net inventory gain / loss	-	-	(300.9)	(300.9)
Gross profit	**658.5**	**23.4**	**(308.3)**	**373.6**
Profit/(loss) before interests, taxes, depreciation and amortisation	**468.6**	**(49.4)**	**(266.8)**	**152.4**
Interest income	-	-	2.7	2.7
Depreciation and amortisation expenses	(35.4)	(37.6)	(122.4)	(195.4)
Finance costs	(8.0)	-	(85.9)	(93.9)
Segment profit/(loss) before tax	**425.2**	**(87.0)**	**(472.4)**	**(134.2)**
Other material items:				
Share of profit of associates	-	-	3.4	**3.4**
Capital expenditure	6.1	38.9	7.4	**52.4**

6. Segment information (continued)

30 June 2019	Retail, Fuels and Marketing	Refining	Supply, Corporate and Overheads	Total Segments
	$M	$M	$M	$M
Segment revenue:				
Total segment revenue	7,747.9	2,743.1	7,187.5	17,678.5
Inter-segment revenue	-	(2,743.1)	(7,032.7)	(9,775.8)
External segment revenue	**7,747.9**	**-**	**154.8**	**7,902.7**
Gross profit	623.7	113.7	(20.9)	716.5
Net inventory gain / loss	-	-	4.0	4.0
Gross profit	**623.7**	**113.7**	**(16.9)**	**720.5**
Profit/(loss) before interests, taxes, depreciation and amortisation	**441.6**	**18.4**	**(116.4)**	**343.6**
Interest income	-	-	1.3	1.3
Depreciation and amortisation expenses	(28.8)	(26.3)	(115.5)	(170.6)
Finance costs	(5.8)	-	(90.1)	(95.9)
Segment profit/(loss) before tax	**407.0**	**(7.9)**	**(320.7)**	**78.4**
Other material items:				
Share of profit of associates	-	-	16.1	16.1
Capital expenditure	8.0	43.7	18.2	69.9

7. Dividends determined and paid

	30 June 2020	30 June 2019
	$M	$M
Dividends determined and paid during the half-year		
Final fully franked dividend relating to the prior period	50.6	93.3

The Company paid a dividend of $50.6 million – 2.6 cents per share to shareholders on 15 April 2020 (2019 $93.3 million – 4.8 cents per share). This fully franked dividend was in relation to the six month period ended 31 December 2019.

In addition to the above dividend, since the half-year end the Board has determined an interim dividend of 0.8 cents per fully paid ordinary share (2019 – 2.1 cents). The aggregate amount of the proposed dividend expected to be paid on 16 September 2020 out of retained earnings at 30 June 2020, but not recognised as a liability at half-year end, is $15.5million.

As announced on 17 August 2020, the Company proposes to return approximately $530 million, at $0.2740 per share to shareholders in October 2020. The return will comprise a capital return of approximately $415.1 million, at $0.2146 per share (subject to shareholder approval) and an unfranked special dividend of approximately $114.9 million, at $0.0594 per share determined by the Board. Further information is contained in the Notice of General Meeting released on ASX on 17 August 2020.

8. Inventories

	30 June 2020	31 December 2019
	$M	$M
Crude for processing	126.2	311.3
Hydrocarbon finished products	496.1	858.1
	622.3	**1,169.4**
Stores and spare parts	28.7	26.2
Total inventories	**651.0**	**1,195.6**

The decrease in the inventory balance of $544.6 million from 31 December 2019 to 30 June 2020 was driven by a combination of decreasing crude and refined product prices over the period combined with a reduction in inventory holdings at period end.

9. Property, plant and equipment

Globally suppressed oil prices and refinery margins, even prior to the outbreak of COVID-19, contributed to a challenging environment for the refinery, and in light of these conditions the Group has undertaken a full impairment assessment of the refinery's $334.6 million fixed assets carrying value as at 30 June 2020.

Key assumptions in the value-in-use calculation:

Assumption	Approach used to determining values
Cash flow	Earnings before interest, tax, depreciation and amortisation adjusted for working capital movement expectations and capital spend projections, based on probability weighted forecast scenarios
Long term average growth rate	1%
Pre-tax discount rate	8.4%

In testing for impairment, the recoverable amount of the refinery's assets was determined based on a value in use calculation with the key assumptions described below representing management's expectations of future trends within the industry in which the refinery operates, based on both external and internal data sources.

The cash flow projections used are based on probability-weighted forecast scenarios covering a five-year period (2020 – 2024), and a pre-tax discount rate of 8.4 percent. The refinery's cash flows beyond the five-year period are extrapolated using a 1 per cent growth rate. The critical estimates underpinning each of the scenarios used in the testing of the refinery's carrying value are estimations of intake, refining margins and foreign exchange rates.

Each of the scenario forecasts takes into account the impact of COVID-19, and reflects lower demand and a more subdued outlook on margin than included in previous forecasts. Intake forecasts take into account major maintenance schedules, with Crude Distillation Unit 4 scheduled for 2022 and the Residue Catalytic Cracking Unit in 1H2025, and reflect efficiencies expected to be achieved from prior period capital investment. Refining margin and foreign exchange forecasts have been sourced from external parties for the early years of the forecast period[1], and these closely align to forecasts included in the value in use calculation.

To determine the sensitivity of the recoverable amount to changes in key assumptions, management stress-tested each assumption individually, testing the impact of both a change in assumptions on the next 18 months in isolation, given the current degree of market uncertainty, and the impact of changes in assumptios over the the long term. The table below summarises the change in each assumption that would result in the recoverable amount of the refinery equalling its carrying value over both time horizons.

Assumption	Short-term view (18 months)	Long-term view
Intake (MBBLs)	reduced by 20.4 MBBL pa	reduced by 1.4 MBBL pa
Long term refining margins (USD/ bbl)	reduced by USD$3.5 / bbl	reduced by USD$0.24 / bbl
The exchange rate (USD / AUD)	increased by AUD 45.0 cents	increased by AUD 2.42 cents
Pre-tax discount rate	n/a [2]	increase by 3.5 per cent

Based on the forecasting and value in use methodology, and the key assumptions described above, management considers that the carrying value of the refinery's property, plant and equipment is recoverable through the assets' continued use, however recognises that a reasonably possible change in any individual key assumption over the longer term could result in the need to record an impairment in a future period.

In April 2020, the Company made the decision to shut down the RCCU and move to hydro-skimming mode in response to the continued demand destruction from COVID-19 control measures, and in July 2020 the planned RCCU maintenance event commenced. This maintenance event is anticipated to be completed over 120 days compared to the original 55 day plan and this approach is being undertaken to best manage workforce risks associated with COVID-19 and to reduce event costs. An associated maintenance event of the Hydrofluoric Acid Alkylation unit has been deferred for potential completion during 2021.

[1] External forecasts cover a three year horizon
[2] No reasonably foreseeable change in the pre-tax discount rate could lead to an impairment

9. Property, plant and equipment (continued)

As at the date of the release of these accounts, maintenance on the RCCU was progressing well, and it was expect that the refinery would be ready to return to full production by late October 2020. Restart will be dependent on recovery of local demand which has been impacted by level 3 and 4 restrictions, and the refining margin environment expected at that time. The Company is continually monitoring the situation and adapting plans to minimise operating losses and return to profitability as quickly as possible. The disclosures above take into account our assessment of these factors.

10. Goodwill

Goodwill represents other intangible assets that did not meet the criteria for recognition as separately identifiable assets. Goodwill of $317.8M allocated to the Marketing and Supply CGU arose from the acquisition of Shell Aviation in 2017 and the step acquisition of Liberty Oil Holdings Pty Ltd in 2019, and relates to synergies from the integration of these additional sales channels into the Group.

In accordance with AASB 136 *Impairment of Assets*, goodwill acquired in a business combination must be tested annually for impairment or more frequently if the cost generating unit (CGU) carrying the goodwill shows impairment indicators. If any such indication is deemed to exist, the entity shall estimate the recoverable amount of the asset or more practically in the Group's case, the cost generating unit (CGU) in which the asset sits. Given the current economic climate as a result of the outbreak of COVID-19 it is deemed appropriate to consider this a potential indicator of impairment and as a result, impairment testing was undertaken as at 30 June 2020. Goodwill is tested based on a value-in-use calculation and uses pre-tax cash flow projections based on financial budgets with conservative growth rates that do not exceed industry expectations. Key assumptions in the value-in-use calculation:

Assumption	**Approach used to determining values**
Cash flow	Earnings before interest, tax, depreciation and amortisation adjusted for working capital movement expectations and capital spend projections based on probability weighted forecast scenarios
Long term average growth rate	2.5%
Pre-tax discount rate	8.4%

The above key assumption values used in the goodwill assessment represent management's expectations of future trends within the industry of which the Marketing and Supply CGU operates, based on both external and internal data sources. Management have considered and assessed reasonably possible changes in the key assumptions used and have not identified any instances that could cause the carrying amount of the Marketing and Supply CGU to exceed its recoverable amount.

The Marketing and Supply CGU includes all retail and commercial operations, supply chain activities and corporate overheads, and is a fully integrated national network, with interdependent management and operations that generate business to consumer and business to business cash inflows as the end process. This network interdependency plays a critical role in achieving the scale and sophistication of operations desired. The Group considers these interdependent activities of the Marketing and Supply CGU as the lowest level of aggregation to generate largely independent cash inflows required for a CGU.

There were no goodwill impairment losses recognised during the year ended 30 June 2020 (2019: nil).

11. Income tax and deferred tax

Income tax benefit of $145.3 million in the current period includes the write-back of $113.8 million in deferred tax liability relating to the sale of the Company's investment in Viva Energy REIT (now called Waypoint REIT). The deferred tax liability of $113.8 million was based on the expected tax outcomes relating to the continued holding of the investment. Once the investment was sold, the deferred tax balance could be released.

12. Interests in associates and joint operations

(a) Associates

The Group has a non-controlling interest in the following entities which are classified as associates under the current ownership structure in accordance with AASB128 *Investments in Associates and Joint Ventures*. These investments have been recognised in the consolidated financial statements using the equity method.

	Interest		Carrying value	
	30 June 2020	**31 December 2019**	**30 June 2020**	**31 December 2019**
	%	**%**	**$M**	**$M**
LOC Global Pty Ltd	50%	50%	15.3	15.5
Viva Energy REIT [1]	0%	36%	-	615.9
Westside Petroleum Pty Limited [2]	50%	50%	8.6	10.4
Fuel Barges Australia Pty Ltd	50%	50%	-	-
Total investments accounted for using the equity method			**23.9**	**641.8**

[1] On 21 February 2020 the Group sold its 35.5% security holding (276,060,625 stapled securities) in Viva Energy REIT (now called Waypoint REIT) for an average of $2.66 per security by way of a fully underwritten block trade, and a sale to each of Charter Hall Group and the Charter Hall Long Wale REIT. The sale contributed $122.2 million to the Group's pre-tax profit with net cash proceeds of $730.1M after transaction costs. The Group no longer holds any securities in Waypoint REIT.

[2] On 5 March 2020, the Group agreed to acquire the remaining 50% interest in Westside Petroleum Pty Ltd. Subsequent to half-year end, the acquisition received regulatory approval, with completion anticipated to occur in 3Q2020.

(b) Joint Operations

The following investments are classified as joint operations under AASB11 *Joint arrangements*, where the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses, and has proportionately consolidated its interests under the appropriate headings in the consolidated financial statements.

	30 June 2020	**31 December 2019**
	Interest %	**Interest %**
W.A.G Pipeline Pty Limited	52	52
Crib Point Terminal Pty Limited	50	50
Cairns Airport Refuelling Services Pty Limited	33	33

13. Financial assets and liabilities

This table provides a summary of the Group's financial instruments, and how they are classified and measured. The Group holds the following financial instruments at the end of the reporting period:

Financial assets	**30 June 2020**	**31 December 2019**
	$M	**$M**
Financial assets held at amortised cost		
Trade and other receivables	912.0	1,247.8
Long-term receivables	38.5	38.4
Cash and cash equivalents	480.9	127.2
Financial assets at fair value through profit and loss		
Derivative assets	15.0	0.2
	1,446.4	**1,413.6**

Financial liabilities	**30 June 2020**	**31 December 2019**
	$M	**$M**
Financial liabilities held at amortised cost		
Trade and other payables	1,401.4	2,165.5
Short-term Borrowings	-	7.7
Long-term Borrowings	-	256.9
Lease liabilities	2,467.1	2,448.3
Long-term payables	93.3	93.2
Financial liabilities at fair value through profit and loss		
Derivative liabilities	12.7	19.0
	3,974.5	**4,990.6**

14. Fair value measurement of financial instruments

The Group's accounting policies and disclosures may require the measurement of fair values for both financial and non-financial assets and liabilities. The Group has an established framework for fair value measurement. When measuring the fair value of an asset or a liability, the Group uses market observable data where available.

Fair values are categorised into different levels in a fair value hierarchy based on the following valuation techniques:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measure.

(a) Fair value measurement hierarchy for the Group

	Quoted in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$M	$M	$M
30 June 2020			
Derivative assets	-	15.0	-
Derivative liabilities	-	(12.7)	-
Total at 30 June 2020	**-**	**2.3**	**-**
31 December 2019			
Derivative assets	-	0.2	-
Derivative liabilities	-	(19.0)	-
Total at 31 December 2019	**-**	**(18.8)**	**-**

There were no transfers between levels during the six months to 30 June 2020. There were also no changes made to any of the valuation techniques applied.

(b) Estimation of fair values

The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employ the use of market observable inputs. As at 30 June 2020, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

15. Contributed and other equity

(a) Contributed equity

Ordinary shares are classified as equity. These shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

	30 June 2020	31 December 2019
	$M	$M
Issued and paid up capital	4,840.7	4,861.3
Cost per share	$2.5000	$2.5000

15. Contributed and other equity (continued)

Movements in ordinary share capital	**Shares**	**$M**
At 1 January 2019	1,944,535,168	4,861.3
At 31 December 2019	**1,944,535,168**	**4,861.3**
At 1 January 2020	1,944,535,168	4,861.3
Buy back of shares, net of tax	(8,259,134)	(20.6)
At 30 June 2020	**1,936,276,034**	**4,840.7**

During the period the Company purchased 8,259,134 ordinary shares on market (and of these cancelled 7,074,135 as at balance date) as part of the Company's buy-back program announced in February 2020. The cancellation of the shares has been treated as a reduction in share capital at $2.50 per share being price at the date of listing ($20.6M as per the above table), with the difference between the listing price and the buy-back price being recorded against the Company's IPO reserve ($5.8M). The total value of the share buy-back during the period was $14.8M, with $12.7M settled prior to balance date and $2.1M settled in early July 2020.

(b) Treasury shares

Treasury shares are shares in Viva Energy Limited that are held by the Viva Energy Employee Share Plan Trust for the purpose of issuing shares under various share-based incentives plans. Shares issued to employees are recognised on the first-in-first-out basis.

Movements in treasury shares	**Shares**	**$M**
At 1 January 2019	35,694	0.1
Acquisition of treasury shares (average price: $2.23 per share)	15,142,432	34.1
Transfer of shares to employees – options exercised	(7,882,734)	(20.0)
Transfer of shares to employees – employee share plan	(13,861)	-
At 31 December 2019	**7,281,531**	**14.2**
At 1 January 2020	**7,281,531**	**14.2**
Acquisition of treasury shares (average price: $1.38 per share)	5,729,136	7.9
Transfer of shares to employees – options exercised	(7,113,691)	(13.8)
Transfer of shares to employees – employee share plan	(1,008,145)	(1.8)
At 30 June 2020	**4,888,831**	**6.5**

16. Contingencies

On 24 September 2018, Viva Energy REIT (now called Waypoint REIT) received an assessment from the Victorian State Revenue Office ('SRO') for $31.2 million. The assessment relates to the transfer of properties prior to the completion of the Viva Energy REIT IPO in August 2016. Pursuant to the arrangements between Viva Energy REIT and the Group at the time, which were disclosed in the Prospectus, any such costs are payable by the Group.

The Group lodged an objection to the assessment on 2 November 2018 and considered at that time that there was a strong prospect of having the assessment set aside. The SRO advised in a letter dated 22 November 2018 that it will not take recovery action while the objection and any appeal process is continuing.

On 12 May 2020 the Group received a determination from the SRO disallowing the objection. The substance of the determination has been reviewed and at this stage it has been concluded there has been no new analysis raised that would alter the position previously taken by the Group. On 1 June 2020 the Company advised the SRO that it is appealing the matter and have subsequently been advised by the SRO that the matter is being referred to the Supreme Court.

Management continues to consider it not probable that the Group has a present obligation in relation to the assessment as at 30 June 2020, and as a result have not recorded a provision in the statement of financial position.

As at 30 June 2020, the Group has contingent liabilities of $61.8 million (2019: $40.5 million) which includes the above Stamp duty amount of $31.2 million.

17. Events occurring after the reporting period

Capital management

In February 2020, Viva Energy sold its non-core 35.5% interest in Waypoint REIT (formerly Viva Energy REIT), generating $680 million in after-tax proceeds. Since the divestment, the Company has considered the most appropriate manner to return funds to shareholders. During this period, the COVID-19 pandemic has greatly impacted the Australian economy, and the Company determined in March 2020 to delay commencement of the proposed capital management initiative to consider the effects of the pandemic.

The Company has had the opportunity to understand the scope of impacts, and the existing and potential impacts on the business. Whilst particular divisions of the Company have been impacted, the Company retains a strong balance sheet, and the proceeds from the divestment remain surplus to normal ongoing capital structure of the business. Accordingly, the Company has determined that distributing proceeds to shareholders remains in their best interest, and the most efficient mechanism is through a capital reduction and special dividend, in conjunction with the existing on-market buy-back.

The Company proposes to return approximately $530 million, at $0.2740 per share to shareholders in October 2020. The return will comprise a capital return of approximately $415.1 million, at $0.2146 per share (subject to shareholder approval) and an unfranked special dividend of approximately $114.9 million, at $0.0594 per share determined by the Board. The existing on-market buy-back programme, targeting initially up to $50 million, is expected to continue following the implementation of the capital return and special dividend.

The Company intends to return the balance of the after-tax proceeds, totalling approximately $100 million, to shareholders under a final component of this capital management initiative. The Company will advise shareholders when the optimal timing and method to distribute those proceeds has been determined.

An equal and proportionate share consolidation of 0.84 shares for every one share currently held (i.e. 25 shares would become 21) will also be undertaken, to adjust Viva Energy's number of shares for the quantum of the cash return.

The capital management initiatives described above replace the off-market buy-back that the Company announced an intention to pursue in February 2020. The proposed capital return and special dividend are expected to be a more effective means of distributing the proceeds to shareholders having regard to the current share price and Company's tax attributes at this time.

Further information regarding the capital management program is contained in the Notice of Meeting released on ASX on 17 August 2020.

Westside arrangements

On 5 March 2020, the Group agreed to acquire the remaining 50% interest in Westside Petroleum Pty Ltd for a nominal purchase price of $1. Subsequent to half-year end, the acquisition received regulatory approval, with completion anticipated to occur in 3Q2020.

Directors' declaration

In the Directors' opinion:

(a) the consolidated half-year financial statements and notes set out on pages 21 to 35 have been prepared in accordance with the *Corporations Act 2001* (Cth), including:

  (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Robert Hill
Chairman

Scott Wyatt
Managing Director

17 August 2020

Independent auditor's review report to the members of Viva Energy Group Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Viva Energy Group Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Viva Energy Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Viva Energy Group Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Chris Dodd
Partner

Niamh Hussey
Partner

Melbourne
17 August 2020