ENERGISING COMMUNITIES

ANNUAL REPORT | 2018

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Our purpose

The Puma Energy spirit provides energy solutions for communities in high-potential countries around the world. We pride ourselves on developing diverse and expert local teams with an agile approach to safely and sustainably serving customer needs. Our mission is to energise communities to help drive growth and prosperity.

www.pumaenergy.com

02

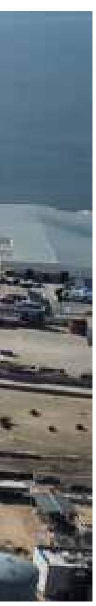
WE SUPPLY ANYWHERE, ANYTIME

We provide energy solutions for customers around the world, night and day, wherever they are. We make it our business to be there to supply whatever they need, when they need it.

88

WE DISTRIBUTE FAR AND WIDE

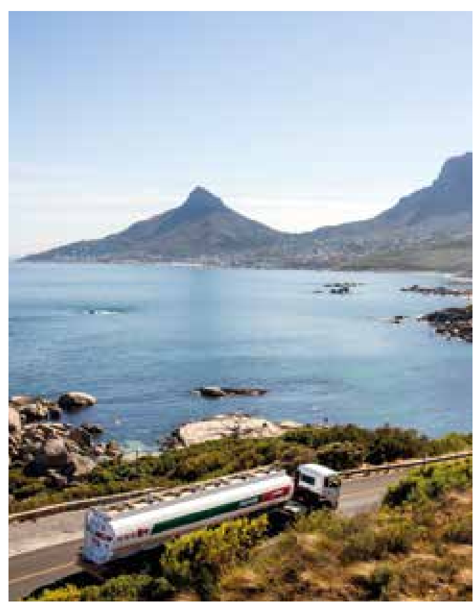
Our transportation network ensures we can deliver far and wide. From the world's busiest cities, to the most inaccessible places on earth, we ensure our products arrive in perfect condition every time.



100

WE CONNECT CUSTOMERS EVERY DAY

As the world turns faster and faster, we have the technology and know-how to provide energy solutions for our customers around the clock, connecting them to the next business opportunity, or even the adventure of a lifetime.



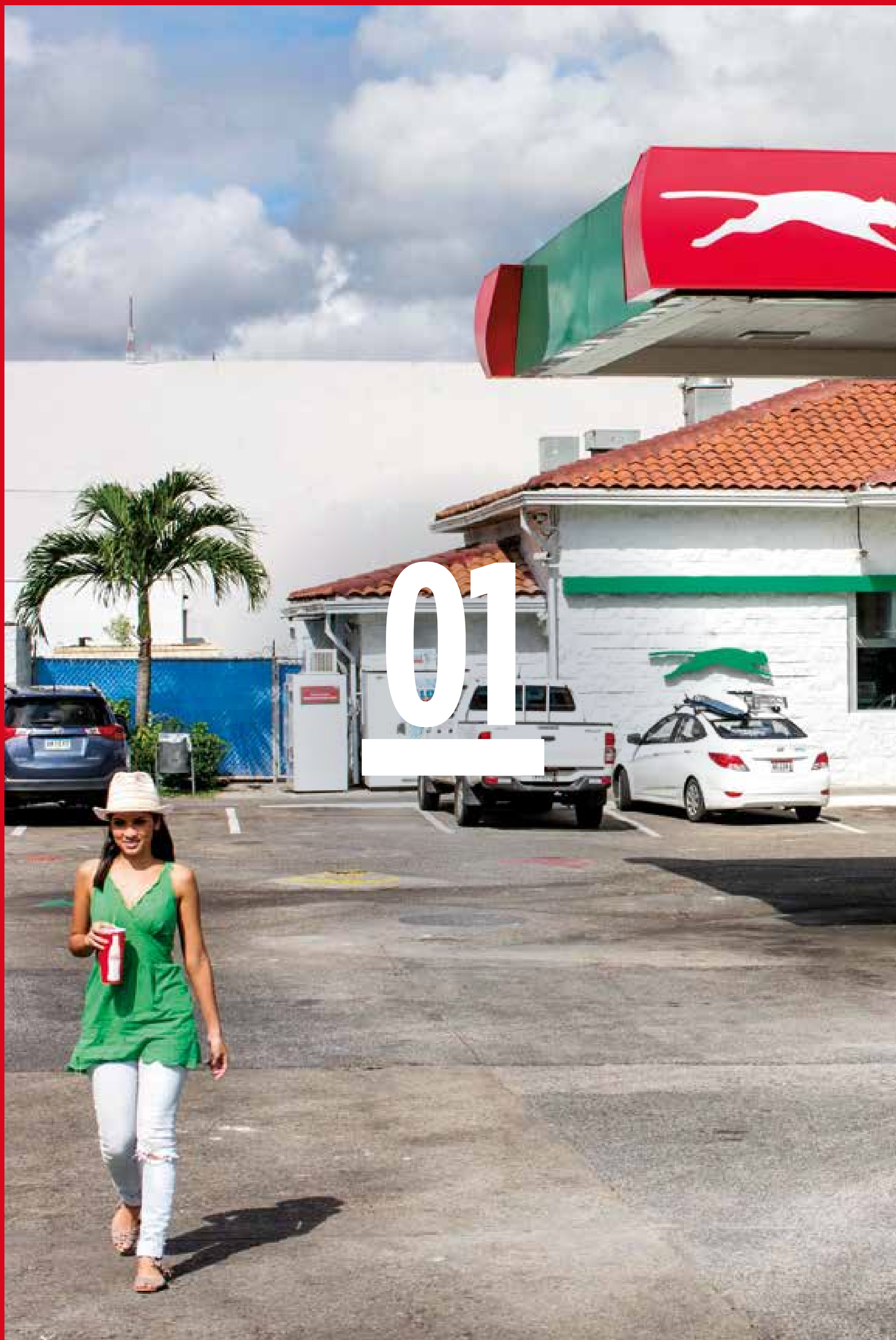
WE SUPPLY
Energising communities means delivering for our customers night and day, wherever they are. We make it our business to be there to supply whatever they need, when they need it.

WE SUPPLY ANYWHERE, ANYTIME

PUMA ENERGY ENERGISES COMMUNITIES

BUSINESS OVERVIEW

01



PUMA ENERGY KEY STATISTICS

Whether our customers are working hard to expand their business, or setting out on the journey of a lifetime, we can help. Puma Energy's dynamic approach to providing energy solutions to customers ensures they always have what they need.

48
COUNTRIES

106
TERMINALS

7.7m m^3
TOTAL STORAGE CAPACITY

1,700
TRUCKS LOADED EVERY DAY

15,089k m^3
THROUGHPUT VOLUMES

8,278
EMPLOYEES

24,824k m^3
SALES VOLUMES

270m
DRIVERS THROUGH OUR RETAIL SITES IN 2018

148
RESTAURANTS/CAFES

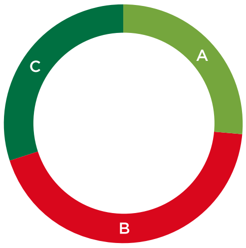
1,291
SHOPS AT RETAIL SITES

191
CAR WASH FACILITIES

20,500
B2B CUSTOMERS

84
AIRPORTS SERVED

BREAKDOWN OF RETAIL SITES



A
858
AFRICA

B
1,310
AMERICAS

C
914
MIDDLE EAST AND ASIA-PACIFIC

3,082
RETAIL SITES AROUND THE WORLD

139
TRUCK STOPS AROUND THE WORLD

FINANCIAL HIGHLIGHTS

With a significant programme of major investments now behind us, we have built a resilient business model that provides a strong base for organic growth. Puma Energy's focus is now firmly on optimising and extracting value from our extensive global asset base and improving our return on investment, cash flows and productivity.

24,824k m^3

SALES VOLUMES
(2017 22,794k m^3)

15,089k m^3

THROUGHPUT VOLUMES
(2017 16,634k m^3)

US$17,921m

NET SALES
(2017 US$15,181m)

US$1,460m

GROSS PROFIT
(2017 US$1,672m)

US$554m

EBITDA
(2017 US$740m)

US$231m

ORGANIC CAPITAL EXPENDITURE, NET
(2017 US$298m)

US$122m

OPERATING PROFIT
(2017 US$322m)

US$3,159m

NET FIXED ASSETS
(2017 US$3,614m)

GRAHAM SHARP

CHAIRMAN'S STATEMENT

Puma Energy has built a unique platform in the Downstream energy business with strong fundamentals. This gives the Company a powerful opportunity to play an important part in a fast-changing energy landscape.

2018 was a year of transition for Puma Energy as we said farewell to our longstanding CEO Pierre Eladari and welcomed Emma FitzGerald as our new CEO who started in January 2019. Under Pierre's leadership Puma Energy has built a unique platform in the Downstream energy business with strong fundamentals. This gives the company a powerful opportunity to play an important part in a fast-changing energy landscape. I want to thank Pierre on behalf of the Board, our employees and shareholders for his leadership during this first phase of the development of Puma Energy as one of the leading global energy companies and to wish him well for the future.

The Board and shareholders are delighted that Emma FitzGerald has taken on the challenge of leading the next phase of Puma Energy's development. Emma has a strong track record of delivery at Shell, where she managed a number of downstream energy businesses around the world, and most recently at National Grid and Severn Trent Water in the UK where she was responsible for gas and water and waste networks. We have also welcomed two new directors appointed by the Sonangol Group to our Board this year – Baltazar Agostinho Gonçalves Miguel and Filomena Maria Gamboa Carvalho dos Santos e Oliveira. I look forward to their input into the challenges the Company faces, as we continue to build our business in Angola, across Africa and around the world.

We have a strong platform for growth, with state-of-the-art infrastructure in place and highly capable people across the business. However, 2018 was a tough year for Puma Energy. Commercial performance was steady with sales volumes increasing by almost 10% over 2017, but our margins were impacted by headwinds in some of our key markets, including the appreciation of the US dollar against the local currencies we trade in, resulting in a lower financial result.

I would like to extend my thanks to our management teams and to our people who have worked hard to steer the business through this challenging environment. Once again, our teams in the Americas have performed very well. I am also delighted to see the progress made by our global bitumen and aviation teams, who have achieved good growth in the year, despite challenges in their markets.

In addition to meeting the business challenges, during 2018 Puma Energy people continued to make a wider impact on the communities in which we operate. For example, in Puerto Rico, we supported the government during the difficult recovery from the hurricanes that hit the island in 2017. It is a tribute to our local teams that we could operate when others couldn't, and so were instrumental in restoring the power supplies that have enabled as swift a return to more normal business and domestic life as possible.

Our response to the devastating eruption of Volcán de Fuego in Guatemala in 2018 was another example of the value we bring to communities, contributing fuel and equipment to assist the tremendous efforts made by emergency service organisations in the country.

Puma Energy places great importance on safely and sustainably serving customer needs, and I was proud to see the launch of our sixth annual road safety campaign in 2018. Tragically, while our overall health and safety record was very good in the year, one of our employees died as a result of a road traffic accident, underlining the importance of our efforts in this area. I would like to express our deepest sympathy to the family of the colleague involved and be clear that the Group continues to work hard to reduce the possibility of future accidents like these. We are also actively working in many countries with road safety organisations and on local road safety campaigns through the Puma Energy Foundation.

We continue to focus on good corporate governance. Our new Code of Conduct is now embedded across the business and we have a robust operation with the necessary safeguards in place to monitor and ensure this is adhered to. A whistleblowing hotline is available to all employees, making it easier for individuals to act if they encounter any potential breaches of our standards. You can read more about this in our governance section on pages 88-100.

Looking forward, I believe the new insights Emma FitzGerald will bring to the Group, particularly with her extensive retail experience, will prove invaluable to our management's stewardship and development of Puma Energy as a global brand. Regardless of the macroeconomic climate, which remains uncertain, by working together we can improve the returns on our portfolio and build an even stronger business for the future.

Graham Sharp,
Chairman

"Emma FitzGerald will bring new insights to the Group, particularly with her extensive retail experience, which will prove invaluable to our management's stewardship and development of Puma Energy as a global brand."

I am delighted to have been given the chance to lead Puma Energy and am genuinely excited about the opportunity I see for the company. Puma Energy has built a business with strong fundamentals, which gives us the opportunity to play an important part in a fast-changing energy landscape. 2018 was a very tough year, but I am pleased that we managed to deliver full year results in line with the guidance that we gave at the 3rd quarter results presentation in November.

When I arrived in January I made an early decision to focus on three priorities for 2019 which I agreed with the Puma Energy Board and our main shareholders. First, the safe delivery of the 2019 business plan; second, to set a clear strategic, direction; and third, to ensure that we have the right portfolio to support our future sustainable growth. In my first week I assembled my Executive Committee to align them around these priorities and develop the purpose and mission for Puma Energy.

I have purposefully created a management structure to deliver on our three priorities and a new performance management framework to ensure that the executive team and managers across the organisation are collectively incentivised to deliver them.

I am pleased to say that my colleagues across Puma Energy have responded very positively to our three priorities and our communication of the new purpose and mission. After my first few weeks, my overwhelming impression of the people at Puma Energy is that they are dynamic, passionate and bright, and are very open to being agile as we adjust the strategy to make the most of our opportunity.

This is not to underestimate the challenges ahead of us. After a rapid period of growth, it is clear that we need to focus on getting the basics right in this next phase of the Puma Energy story before we invest in further growth.

In particular, we need to deliver operational excellence across all our businesses, focus on reducing the leverage in our balance sheet and maintain the strict discipline around capital expenditure and cost we discussed at our third quarter results presentation last year.

To help deliver our first priority for 2019, I have introduced a more consistent approach to our monthly business reviews, which means that the executive team have in-depth understanding of any operational and financial issues across the whole of Puma Energy and are able to take swift action to remedy any issues.

Our second priority is to set a clear strategic direction to realise the full potential of our current business, both in the short and medium term. Many of our countries and markets have developed best in class operations but this is not universally the case. I have identified some actions which will be implemented immediately to ensure that there is real momentum around improving our operational performance.

Our third priority is to ensure that we have the right portfolio to support our future growth. First, we, will explore how we can maximise value from our existing portfolio. Second, we will scrutinise our portfolio to ensure that all our businesses and markets provide the opportunity for us to create further value and fulfil our mission to provide energy solutions in high-potential countries.

So our strategic plan is well underway. We will use insights gleaned from our strategy review to make immediate operational improvements which will begin to have impact this year. Our portfolio optimisation work is also starting right away, but the more significant opportunities will take some months to realise. The goal is to strengthen our platform to generate sustainable growth.

I am not naïve about the challenges that we need to overcome, but my first few months at the helm of Puma Energy have confirmed my initial view that we have a strong platform to take strategic advantage in a fast-changing energy landscape.

I would like to thank our Board, our bond and debt holders and our shareholders for their support as we move swiftly to develop and implement our strategy. I look forward to working with colleagues across the business to channel the Puma Energy spirit as we provide energy solutions for communities in high-potential countries around the world.

EMMA FITZGERALD

CHIEF EXECUTIVE

I look forward to working with colleagues across the business to channel the Puma Energy spirit as we provide energy solutions for communities in high potential countries around the world.

Three priorities for 2019

1. Safe delivery of the 2019 business plan
2. Set a clear strategic direction
3. The right portfolio to support future sustainable growth

Emma FitzGerald,
Chief Executive

OUR PURPOSE

The Puma Energy spirit provides energy solutions for communities in high-potential countries around the world. We pride ourselves on developing diverse and expert local teams with an agile approach to safely and sustainably serving customer needs. Our mission is to energise communities to help drive growth and prosperity.

OUR STRATEGIC PRIORITIES

1

Expand our offer to our customers
Our business model provides a consistent and dynamic platform that allows our growing team of energy professionals to expand our offering and deliver the best performance for our customers.

2

Develop into new markets
We look for markets with rapid growth and/or strong potential, usually with a growing middle class or a flourishing natural resources sector, where we can identify new business opportunities.

3

Build the infrastructure to support our offer
Our infrastructure projects help integrate our logistics and provide local investment that fuels economic growth, benefiting both our customers and their communities. At the same time, we consider making selective divestments in our assets, when favourable opportunities arise.

4

Integrate supply, storage and distribution
Our global asset base includes 106 strategically located terminals and seven global storage hubs, ensuring the security of supply to our customers anywhere in the world.

5

Develop local stakeholder trust
We develop trust by operating responsibly and working hard to minimise any adverse effects from our operations, prioritising ongoing dialogue within communities where we work.

KEY

1 2 3 4 5

Embedding our approach
Look out for these icons throughout the review. They highlight how we are embedding this wider value approach across our projects and programmes.

Issuance of US$750 million Senior Notes
In January 2018, we successfully issued US$750 million aggregate principal amount of Senior Notes due 2026 ('2026 Senior Notes') at a fixed coupon of 5.0% per annum. The proceeds have been used to redeem the principal amount outstanding under Puma Energy's existing 6.75% Senior Notes due 2021, with the remaining net proceeds used to refinance certain amounts drawn under existing revolving credit facilities.

US$750m
SENIOR NOTES

1 2

Expanding our aviation presence in Africa
The Group further strengthened its aviation network, starting operations at five airports in Mozambique. The network includes Lourenço Marques Airport, located three kilometres north west of the centre of Maputo, the largest city and capital of Mozambique. This further expands Puma Energy's aviation footprint in Africa.

Q1 JANUARY — MARCH

③ ⑤

Rebuilding infrastructure in Puerto Rico after the storm

The Puma Energy team in Puerto Rico showed resilience immediately after Hurricane Maria in late 2017, and continued to help with recovery projects in the region this year. For months after the storm, many homes, businesses, schools and hospitals still suffered from power shortages, and our people worked closely with the government and industries to supply fuel to the island, as no other company in Puerto Rico had a similar capacity for distribution and logistics. At the same time, the Group had to rebuild its own asset base and infrastructure, which had also been damaged by the storm.

⑤

Sixth year of our Be Road Safe campaign

Puma Energy hosted its sixth Be Road Safe campaign, demonstrating the Group's commitment to creating safer roads for drivers, passengers and pedestrians alike. This campaign aims to both raise awareness of existing risks and enhance road safety. So far, 48 countries have taken part in the initiative to date through the Road Safety Relay.

This year's campaign was kicked off with a Be Road Safe event in Dubai in February, sponsored by Puma Energy and Impala Terminals. Event supporters included DP World, Trakhees, Department of Planning and Development and the Roads and Transport Authority (RTA), who spoke to attendees about regional road safety incidents.

6th

YEAR OF OUR 'BE ROAD SAFE' CAMPAIGN

③ ④

Opening of our Colon terminal in Panama

Puma Energy finished the construction of another storage terminal in Colon, Panama. This terminal, with a total capacity of 80k m^3, is the first terminal of Puma Energy in Panama, and is placed in a strategic location, near the Panama Canal. It contributes to further strengthen Puma Energy's competitive position in Panama, where it operates a network of 74 retail sites, and provides wholesale and B2B services to a wide range of customers.

Puma Energy successfully refinances its Senior Facilities and extends its three-year RCF

In May, the Group successfully closed its new one-year Revolving Credit Facility totalling US$520 million, in addition to a syndicated three-year unsecured bullet term loan facility of US$850 million. The facilities were significantly oversubscribed versus a US$1.12 billion target at launch, with more than US$1.6 billion of commitments received from 48 banks with a broad geographical split.

In addition, Puma Energy has successfully exercised its second extension of the existing three-year US$415 million RCF originally dated May 2016, with a vast majority of lenders extending by one additional year to May 2021.

Q2 APRIL — JUNE

5

The Puma Energy Awards

The Executive Committee recognised and celebrated the people who contributed to the success of the business, and who demonstrated real Puma Energy qualities and showed great commercial dedication.

This was the third year of the Puma Energy Awards and there was an overwhelming response from Puma Energy professionals all over the world. After much deliberation by the judging panel, decisions were made and those candidates displaying the most exceptional behaviour and achievements were selected and informed of their success.

3rd

YEAR OF THE PUMA ENERGY AWARDS

1 2

Acquired a retail network in Ivory Coast

In September, the Group announced the acquisition of a network of 28 retail sites in Ivory Coast. This acquisition will further strengthen the Group's footprint in West Africa and in particular in Ivory Coast, where Puma Energy until now only provided storage services.

28

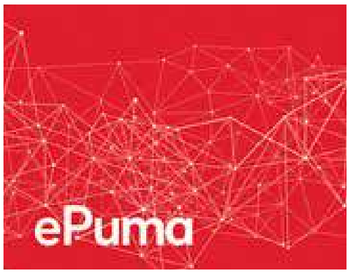
RETAIL SITES ADDED IN IVORY COAST

Q3 JULY — SEPTEMBER

Emma FitzGerald appointed as the new CEO
Emma FitzGerald has been appointed as the Group's new CEO, joining the Company in January 2019. Emma FitzGerald has been appointed following a rigorous selection process, and brings a wealth of experience from the energy and utility sectors including Shell, National Grid, and Severn Trent Water.

(1)

Go-live of ePuma
ePuma is now live in Panama, our first storage and distribution country to be fully functional and operational on the ePuma platform. ePuma is a major programme to enable the digital transformation of our business, while improving the interactions with our customers. This should contribute to reach even higher levels of customer engagement, operational excellence, while standardising and simplifying our processes around the world, and improving cost efficiency.



(1)

Launch of new retail concept in the Americas
The Group launched a new C-store initiative in the Americas, focusing on quality, safety, customer experience and cleanliness at our retail sites, enhancing the customer value proposition on offer. At the same time, Puma Energy aims to increase brand awareness among consumers, is elevating the Fuel Product Quality Index and implements new payment schemes, including Pay at the Pump, Pedestal and Fast Pay. This has helped us to increase fuel and C-store sales and improve both the customer experience and Group profitability.

(3) (4)

Opening of storage terminal in Colombia
The Group completed the construction of a 8k m^3 storage terminal at Baranoa – its first terminal in Colombia. This is further strengthening Puma Energy's position in Colombia, where the Group already operates a network of 98 retail sites and is present in one airport.

Q4 OCTOBER — DECEMBER

Puma Energy invests for the long term, creating jobs and improving infrastructure wherever we operate. Every investment we make, every job we create and every dollar we pay in taxes or give to community projects is another contribution towards the countries and communities in which we work.

WE ARE – PUMA ENERGY

Our global integrated asset base is unique in our industry, helping us to connect customers to our global supply chain, every hour of every day.

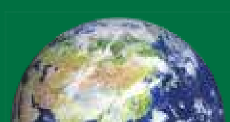
OUR MISSION

Our mission is to energise communities to help drive growth and prosperity.

THE WORLD WE LIVE IN

The global demand for energy is growing every year, and this growth continues to be dominated by hydrocarbons, with oil's share of the energy market stable at around one-third. We saw global oil prices moving up steadily for most of the year, before falling rapidly in the last quarter of 2018.

Pages 16 and 32
For more information



WHAT WE DO

We supply, store and distribute oil products to our customers worldwide. Our integrated operations mean we can ensure the seamless delivery of high-quality fuels swiftly, reliably and at fair, competitive prices. We also operate a growing retail network that sells a wide range of fuel and non-fuel products.

Pages 16 and 34
For more information

WHERE WE OPERATE

We focus on markets where oil demand is growing; where it is already strong; and where we can make a real difference. We supply customers and businesses 24/7 across 48 of the world's most dynamic and fast-developing markets.

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For more information

FIVE STRATEGIC PRIORITIES

1. Expand our offer to our customers
2. Develop into new markets
3. Build the infrastructure to support our offer
4. Integrate supply, storage and distribution
5. Develop local stakeholder trust

Page 10
For more information

OUR VALUES

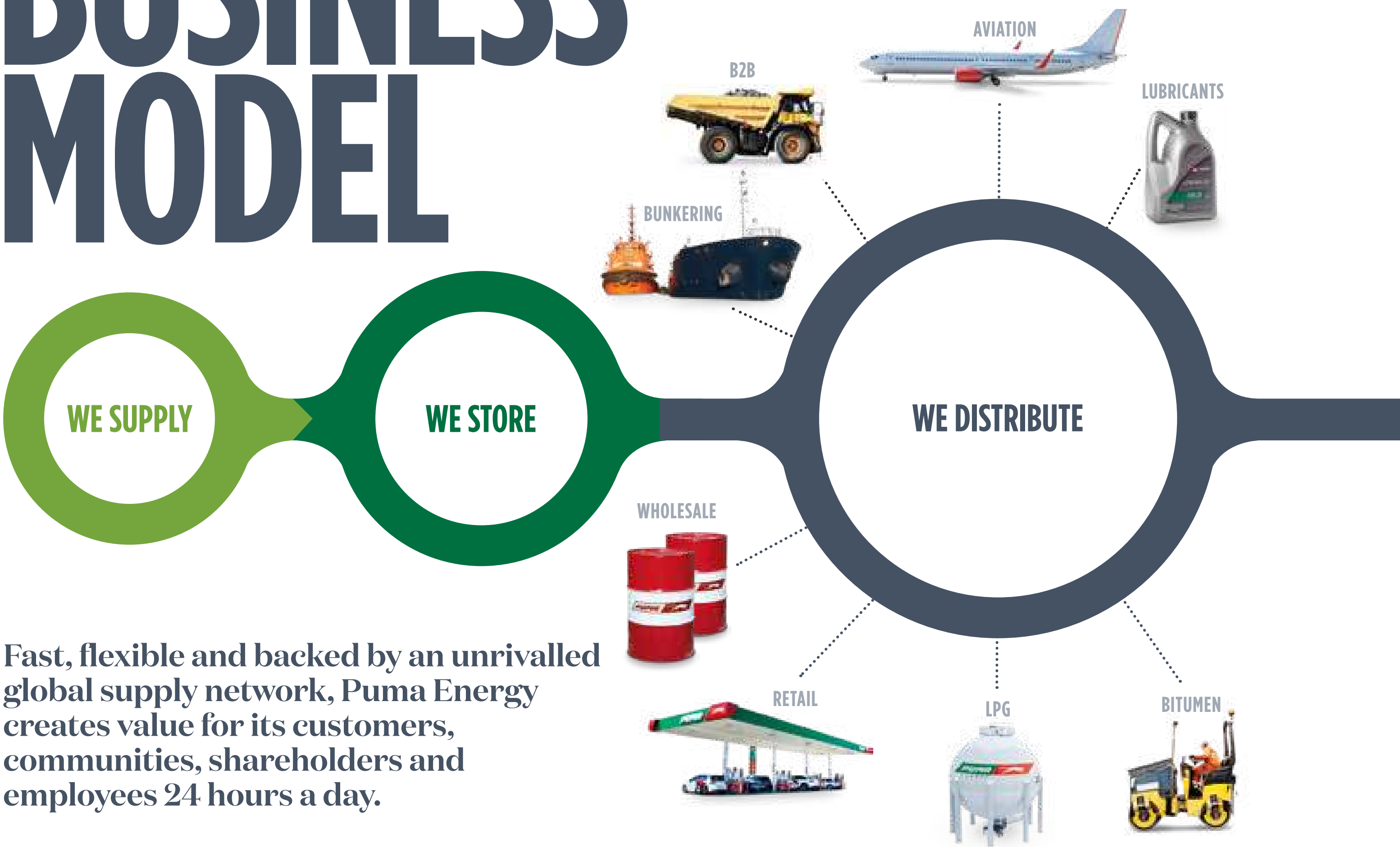
Pioneering
leading the way and making a difference

Passionate
dynamic and enthusiastic, caring about our customers

Performance driven
doing things the right way and adding value

Page 64
For more information

BUSINESS MODEL



Fast, flexible and backed by an unrivalled global supply network, Puma Energy creates value for its customers, communities, shareholders and employees 24 hours a day.

Puma Energy's experienced team optimises supply across products, geographies and sources to meet customer demand.

The 106 storage terminals in our unrivalled global network give us a total storage capacity of 7.7 million m³.

Our storage capacity is integrated with our distribution operations, allowing us to supply our customers reliably and efficiently at competitive prices.

SUSTAINABLE VALUE CREATION

Customers
Our customers rely on us to deliver high-quality fuels and a wide choice of other products, swiftly, reliably and at a fair price. We add value through the customer service we provide, and by ensuring we are always there for them and are easy to do business with.

OUR UNIQUE STRENGTHS AND STRATEGIC GLOBAL NETWORK

Strategic global network
Puma Energy is an integrated energy company that focuses on fast-growing markets, where the projected consumer demand for oil is high. We use our global network to ensure that we maximise our opportunities in these markets and provide our customers with around-the-clock service.

Efficiency
We continue to implement better systems across the business, such as our new eAviation and ePuma digital platforms. This is helping us build on our existing infrastructure, technologies and processes to improve efficiency and customer service.

We provide high-quality products and services to millions of retail consumers and thousands of B2B customers in 48 countries.

Our quality testing at every stage follows strict Quality Assurance (QA) and Quality Control (QC) policies and procedures.

Shareholders
Financial stability and sustainable business practices are critical factors to our success. Puma Energy creates long-term value for our shareholders by managing our business growth carefully and maximising the returns on their investment.

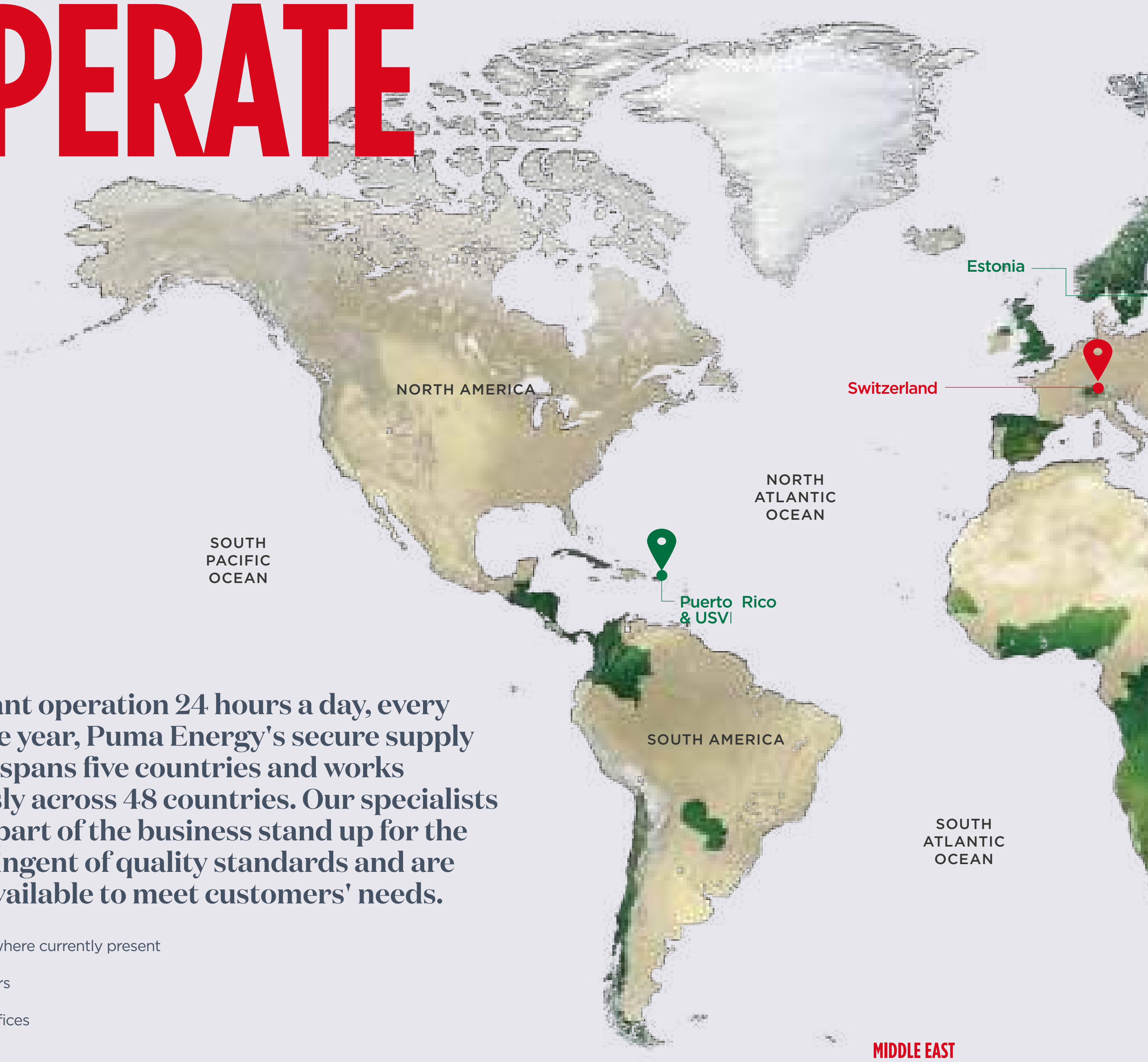
Employees
Our people are well rewarded, and enjoy the opportunity to develop their skills and entrepreneurship to achieve their full potential. They each make their own individual contribution to the spirit of our diverse, collaborative and customer-focused organisation.

Communities
As a business operating in many markets, we contribute significantly to our communities, through local taxes and employment. We also add value as a long-term responsible partner, and by engaging in many social, environmental and educational programmes, as well as targeted campaigns, such as our Be Road Safe campaign, which is now in its sixth year.

Talented people
We support and train our people well, value them and trust them to excel. It is their entrepreneurial spirit and the diversity, nationalities, cultures and experience we have across our teams that are critical to the ongoing success of the business.

Unique asset base
Puma Energy's global integrated asset base ensures the seamless supply of a wide range of products to our customers around the world. We aim to provide energy solutions to our customers through our integrated Midstream and Downstream operations.

WHERE WE OPERATE

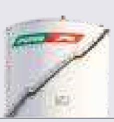


In constant operation 24 hours a day, every day of the year, Puma Energy's secure supply network spans five countries and works seamlessly across 48 countries. Our specialists in every part of the business stand up for the most stringent of quality standards and are always available to meet customers' needs.

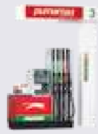
Countries where currently present

Headquarters

Regional Offices

	AMERICAS	EUROPE	AFRICA	MIDDLE EAST & ASIA-PACIFIC
	1,310 RETAIL SITES	-	858 RETAIL SITES	914 RETAIL SITES
	1.6m m^3 STORAGE CAPACITY	2.8m m^3 STORAGE CAPACITY	1.6m m^3 STORAGE CAPACITY	1.7m m^3 STORAGE CAPACITY

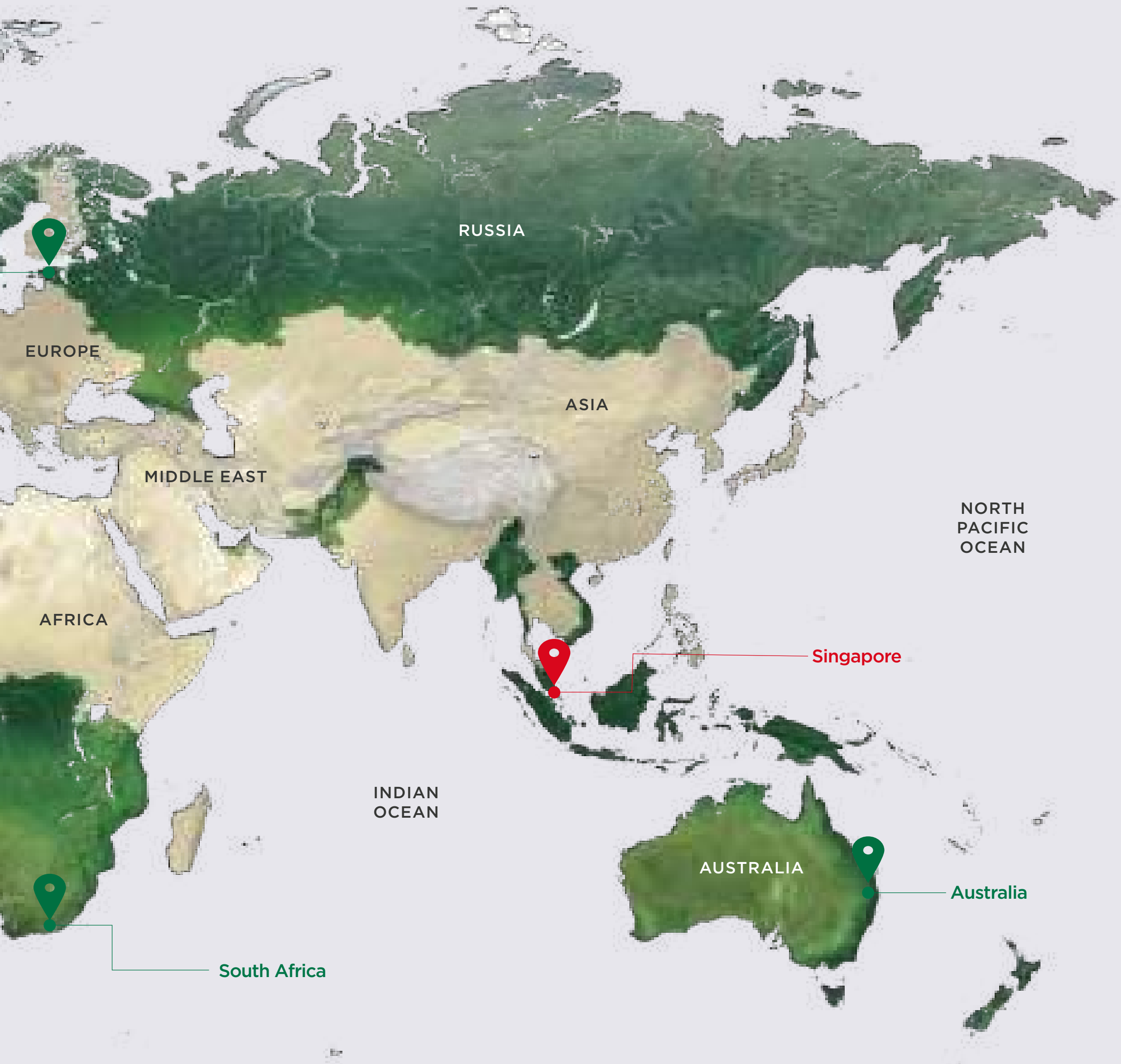

OPERATES IN **48** COUNTRIES


3,082 RETAIL SITES


84 AIRPORTS SERVED


7.7m m³ STORAGE CAPACITY


8,278 STAFF



	AMERICAS	EUROPE	AFRICA	MIDDLE EAST & ASIA-PACIFIC
	10 AIRPORTS SERVED	1 AIRPORT SERVED	51 AIRPORTS SERVED	22 AIRPORTS SERVED
	20 kbd MANREF REFINERY	-	-	32.5 kbd PNG REFINERY

MEASURING PERFORMANCE

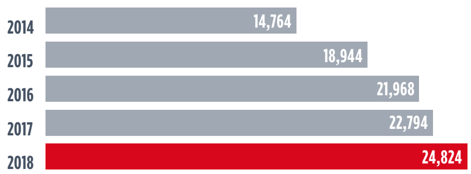
FINANCIAL AND OPERATIONAL KPIs

KPI | YEAR | RATIONALE AND PERFORMANCE

1 2 3 4

SALES VOLUMES (k m³)

Volume of oil products sold to Puma Energy customers from the retail, wholesale, B2B, aviation, LPG, bitumen and lubricant sub-segments.



This figure is a strong indicator of the Group's Downstream market share. Management targets growth in sales volumes that exceeds growth in target markets.

Over the past five years, sales volumes have risen, driven by organic growth and our expansion in Australia, Papua New Guinea, Pakistan, South Africa and the UK. Our target is still to achieve continued growth in sales volumes.

1 2 3 4

THROUGHPUT VOLUMES (k m³)

Volume of oil products handled on behalf of third-party customers. This figure includes neither storage volumes for our own Downstream business, nor volumes stored for third-party customers under capacity rental agreements.

This figure reflects the level of Midstream business done with third-party customers, through throughput agreements.

We have added new terminals and expanded many key storage facilities. However, a large part of storage revenues are generated by capacity rental agreements (not reflected in throughput volumes).

At the same time, a large share of our terminals is used to support our Downstream activities, and is therefore not reflected in this statistic.

1 2 3 4

GROSS PROFIT (US$m)

Revenue from sales, less the cost of purchase and delivery of products.

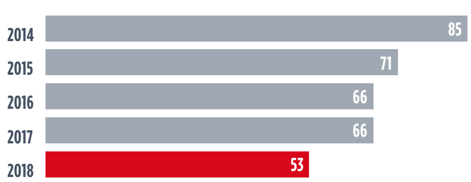
This figure provides a top-line view of our profitability, especially in Downstream markets. We optimise sales performance by increasing sales volume and/or adjusting pricing to increase unit margin. Gross profit shows the effectiveness of these two strategies in combination.

Gross profit in 2018 was impacted by lower unit margins in two of our key markets (Australia and Angola), as well as FX effects from the devaluation of some of our currencies against the US Dollar.

1 2 3 4

UNIT MARGIN (US$/m³)

Downstream gross profit divided by sales volumes. This is the main indicator of basic profitability after deducting the purchase price and variable costs from the sales price.



This measures pricing performance in free markets and is usually the key factor to determine profitability and the return on investments in regulated markets.

Downstream unit margins decreased compared to prior years, impacted by some changes in the business mix, and currency devaluations against the US Dollar in many markets. Unit margins decreased particularly in Angola, as the local currency devalued against the US Dollar while regulated prices have not yet been adjusted, and in Australia, impacted by local market conditions.

1. EXPAND OUR OFFER TO OUR CUSTOMERS
2. DEVELOP INTO NEW MARKETS
3. BUILD THE INFRASTRUCTURE TO SUPPORT OUR OFFER
4. INTEGRATE SUPPLY, STORAGE AND DISTRIBUTION
5. DEVELOP LOCAL STAKEHOLDER TRUST

See page 10 for more information

KPI | YEAR | RATIONALE AND PERFORMANCE

1 2 3 4

EBITDA (US$m)

Earnings before interest, tax, depreciation and amortisation.

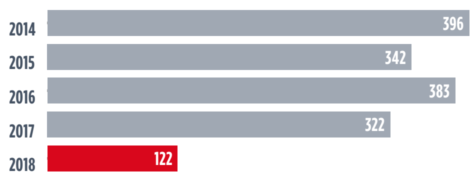
EBITDA is a key measure of profitability. It demonstrates the ability to generate cash flow that can be reinvested to stimulate future growth and is used as a base for the valuation of a company.

EBITDA was impacted this year by lower gross profit in some of our key markets, such as Australia and Angola, and FX effects from the devaluation of most currencies against the US Dollar.

1 2 3 4

OPERATING PROFIT (US$m)

Profit after depreciation and amortisation but before interest and tax.



Operating profit was impacted by lower gross profit, and non-recurring impairment expenses recorded on goodwill and fixed assets.

1 2 3 4

NET FIXED ASSETS (US$m)

Total value of property, plant and equipment less cumulative depreciation.

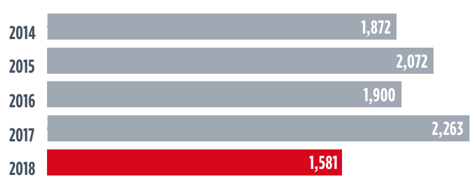
Indicative total value of our underlying asset base. Fixed assets are kept at historic costs less accumulated depreciation.

The decrease in fixed assets is due to both depreciation expenses and negative FX translation effects, while capex has been reduced.

1 2 3 4 5

CONSOLIDATED NET WORTH (US$m)

Consolidated value of shareholders' equity. This reflects the net book value of Puma Energy's assets at the year end.



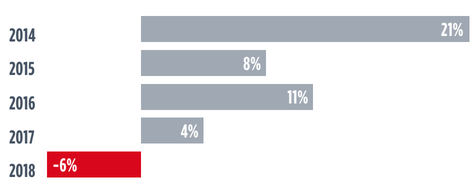
This gives an indicative value for the business. It is not a proxy for fair market value as no allowance is made for future growth, but it does give shareholders an indication of the minimum value of the business.

The decrease in net worth mainly reflects currency translation effects from the devaluation of some of the Group's currencies against the US Dollar.

1 2 3 4

COMPOUND ANNUAL GROWTH RATE (CAGR)

Annualised overall gain in EBITDA averaged across a three-year period.



This measure is used to monitor medium-term sustainable growth. Three-year averaging limits the distorting effect of a specific, major transaction in a single 12-month period.

The negative growth rate for 2018 reflects the above-mentioned reduction in EBITDA, due to currency devaluations and headwinds in some of our key markets.

MEASURING PERFORMANCE

NON-FINANCIAL KPIs

KPI | YEAR | RATIONALE AND PERFORMANCE

③ ④ ⑤

WORK-RELATED FATAL INJURIES

Total number of direct work-related fatalities among Puma Energy's employees.

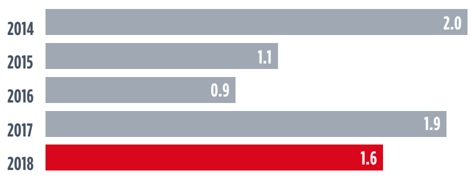
We monitor Puma Energy's safety procedures both within our own operations and at our agencies.

We registered one work-related fatality, as a result of a road traffic accident during 2018. For further details see our Chairman's statement.

③ ④ ⑤

LOST-TIME INJURY FREQUENCY RATE

Number of lost-time incidents multiplied by 1,000,000 divided by total man-hours worked. Also known as LTIFR (lost-time injury frequency rate).



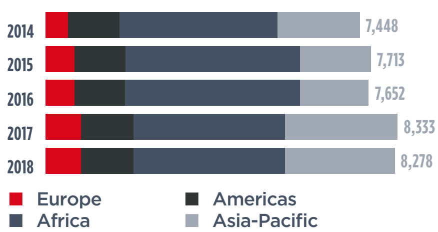
This is an absolute measure of safety levels in facilities. No allowance is made for the severity of the incidents concerned, as any incident falling into this category is symptomatic of an unacceptable safety failure, given the high risks associated with storing and transporting fuels. Management monitors LTIFR to obtain advance warning of safety issues.

The number of LTIs for 2015 onwards is based on new Group reporting guidelines.

① ② ③ ④ ⑤

WORKFORCE (by continent)

Number of employees directly managed by Puma Energy, broken down by continent.



This indicates the total employees managed by Puma Energy, both permanent and temporary, on payroll and employed through agencies. Monitoring headcount is key to ensuring effective control and efficiency of the organisation.

Our workforce comprises 43% African, 15% Latin American, 9% European and 33% Asia-Pacific employees.

①	②	③	④	⑤
EXPAND OUR OFFER TO OUR CUSTOMERS	DEVELOP INTO NEW MARKETS	BUILD THE INFRASTRUCTURE TO SUPPORT OUR OFFER	INTEGRATE SUPPLY, STORAGE AND DISTRIBUTION	DEVELOP LOCAL STAKEHOLDER TRUST

See page 10 for more information

KPI | YEAR | RATIONALE AND PERFORMANCE

③ ⑤

API650/NFPA30 COMPLIANCE
(as a percentage of total capacity)

The proportion of total storage capacity conforming to approved international standards for construction and maintenance of storage tanks.

The American Petroleum Institute 650 standard relates to the design and construction of steel storage tanks. The National Fire Protection Association 30 code relates to the storage of combustible and flammable liquids.

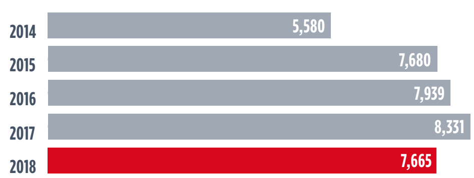
This measures the progress of Puma Energy's policy progressively to upgrade all acquired storage assets and construct any new storage assets to recognised international standards.

All our newly built terminals comply, and our capex programme has included work to address non-compliant terminals or mitigate where compliance is not practicable.

① ② ③ ④

STORAGE CAPACITY (k m³)

Total storage capacity to support both our Downstream activities, as well as provide storage services to third and related parties.



Over the past five years our storage capacity has grown both organically and through acquisitions.

The decrease in storage capacity in 2018 is primarily due to the disposal of our 20% stake in Langsat terminal in Malaysia. This terminal had a total capacity of 647k m^3.

① ② ③ ④

NUMBER OF STORAGE TERMINALS

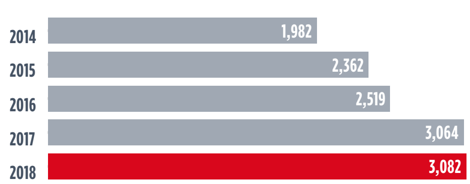
Number of storage terminals across the world, to support both our downstream activities, as well as provide storage services to third and related parties.

Our network of 106 storage terminals, including seven storage hubs in strategic locations, allows us to supply quality oil products safely, swiftly and reliably, while sourcing the products at the most competitive price.

① ② ④

NUMBER OF RETAIL SITES

Number of retail sites in our global retail network.



The number of retail sites is a good indicator to assess the growth of our retail network, together with retail sales volumes. As the network of Puma Energy-branded retail sites grows, the goodwill attached to our brand in the marketplace will increase.

In 2018, our number of retail sites increased through the opening of selective new retail sites in the Americas, and the acquisitions of small retail networks in Lesotho and Ivory Coast.

WE STORE

We have developed an unrivalled global infrastructure for the safe and secure storage of our products. Our global and local hubs operate 24/7 and meet the highest safety and quality standards.

WE STORE SAFE AND SOUND

PUMA ENERGY SECURES COMMUNITIES

02

PERFORMANCE OVERVIEW

MARKET REVIEW

Overview

For the first time in some years, global markets saw both synchronised economic growth and positive underlying commodity fundamentals, leading to multi-year highs across asset classes. Oil prices moved up steadily for most of the year, rising from US$65 per barrel at the start of the year to just under $90/bbl in early October. Prices then fell rapidly in the last quarter of the calendar year as a combination of fundamental and financial factors came together to weigh on market sentiment.

However, despite some growing macroeconomic headwinds, oil demand growth was and is to remain robust, particularly in emerging markets. On the supply side, the rapid growth of US production continued to outstrip forecast levels, which forced adjustments from other producers, most notably the OPEC+ group.

Headwinds in emerging markets

Many of the markets Puma Energy operates in were buffeted by external macro factors, with some also seeing further issues on the domestic front. On the external side, the trade war between the US and China caused a slowdown in global trade and in Chinese economic growth, impacting many of the emerging markets where we operate. A stronger US Dollar, rising US interest rates and higher oil prices also weighed on emerging markets as a whole, given that most emerging markets have Dollar-denominated debt and are net oil importers. Furthermore, the implementation of sanctions on Turkey and of tariffs on global imports of steel and aluminium into the US also had an impact.

As a result, EM currencies as a whole weakened, curtailing imports and spending from reaching higher levels. One of our key markets, Angola, adopted a more flexible foreign exchange regime in early 2018, which resulted in an overall devaluation of the Angolan Kwanza by 46%.

FIGURE 1:
BRENT CRUDE OIL PRICE, 2018

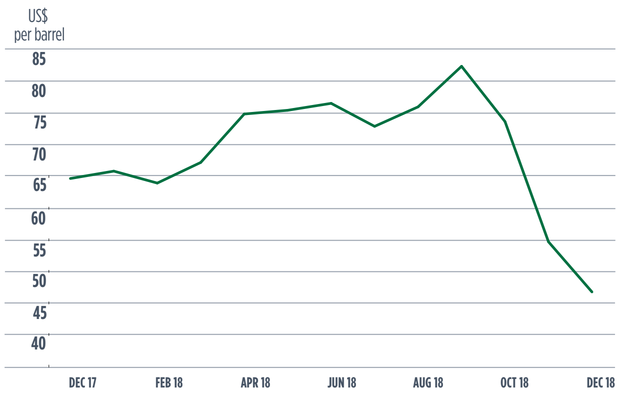
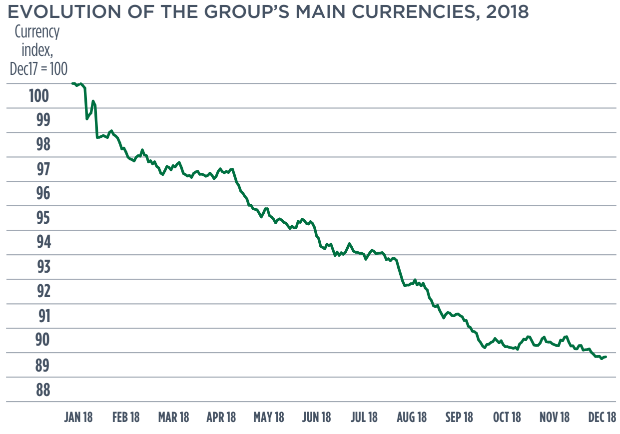


FIGURE 2:
EVOLUTION OF THE GROUP'S MAIN CURRENCIES, 2018



Note: Currency performance weighted by gross margin of the top 20 countries accounting for 90% of Group gross margin


PUMA

Higher commodity prices did help offset some of these effects in commodity-exporting markets, but overall growth was more sluggish than expected, with oil demand in Africa only rising about 97,000 b/d over 2017. However, Latin America, South East Asia and Australia, all major markets for Puma Energy, performed significantly better, coming in just under 370,000 b/d total growth for the year.

Increasing importance of the US as an oil producer

Global oil production increased less rapidly than consumption in 2017, rising by 0.6 mb/d, compared with the 1.7 mb/d rise in demand. In 2017 the expected cuts in production, announced by OPEC, took effect. OPEC production decreased by 0.2 mb/d, to an average of 39 mb/d. At the same time, non-Opec production grew by 0.8 mb/d, to 53.2 mb/d, driven by the US and Libya[1].

Having become the world's largest oil and gas producer in 2015, the US continues the remarkable growth of recent years, accounting for more than half of the global supply increase to 2025. In 2025, nearly every fifth barrel of oil and every fourth cubic metre of gas in the world is to be produced in the US. The US is under way to becoming a net exporter of oil in the late 2020s.

Increasing levels of trade in oil and refined products

Global trade in crude oil and refined products increased by 128 million tonnes, or 2.8 mb/d (4%), in 2017 (Figure 1). The largest importer was China with 507 million tonnes (+1,027k b/d).

Growth in refined product exports was led by the US (+301k b/d), and Europe was again a large importer of both crude oil and refined products, accounting for 693 million tonnes (14.1 mb/d).

Growing populations, increasing urbanisation levels and an emerging middle class

The increase in worldwide energy demand is fuelled by rising incomes and an extra 1.7 billion people, mostly added to urban areas in developing economies. The key drivers of urbanisation in developing economies are rising incomes and population growth. Demand growth in emerging markets continues to perform well, despite macro headwinds.

By 2030, cities in key Puma Energy markets are expected to see rapid population growth. Lagos and Karachi are both projected to grow by more than 30%, with Ho Chi Minh City (above 15%) and Jakarta (approximately 15%) not far behind.

Furthermore, of the six cities that are expected to join the megacity ranks (defined as 10 million people or more)[2], three are in countries where we have a presence: Luanda, Dar es Salaam and Bogota.

Growing energy demand

Global primary energy demand is expected to expand by more than 10% out to 2025, and by more than 25% out to 2040[3]. Without improvements in energy efficiency, the rise would be twice as large.

Hydrocarbons stand to supply nearly half of the global increase out to 2040. At the same time, the share of fossil fuels in primary world energy demand is likely to fall slightly, from 81% currently to 78% in 2025 and 74% by 2040 (Figure 4).

Increasing demand for oil, mainly by emerging markets

Oil, the world's dominant fuel, with a global production of about 93 million barrels per day (mb/d) in 2017, meets around one-third of global energy demand. This share is likely to change little, at least to 2025 (31%), and to fall only marginally to 2040 (28%). Total oil demand is expected to increase by 11.5 million barrels per day (mb/d) by 2040, with much of this coming from fast-growing Asian economies (Figure 5).

GLOBAL PRIMARY ENERGY DEMAND IS EXPECTED TO EXPAND BY MORE THAN

25%

BETWEEN 2017 AND 2040, DRIVEN MOSTLY BY EMERGING MARKETS

OIL IS ACCOUNTING FOR

1/3

OF GLOBAL ENERGY DEMAND

OIL DEMAND TO INCREASE BY

11.5 mb/d

BY 2040

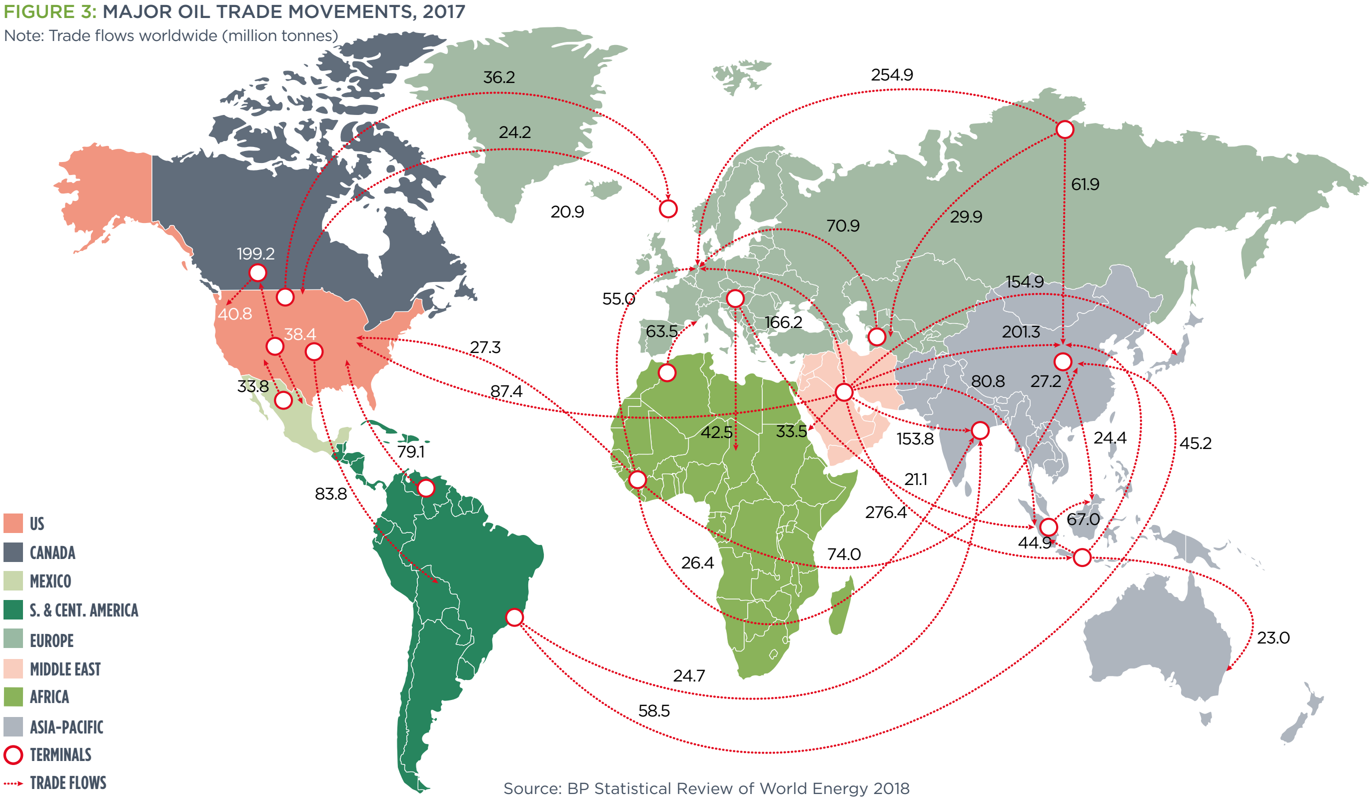
TRANSPORT, INDUSTRY AND PETROCHEMICALS ACCOUNT FOR NEARLY

70%

OF WORLD OIL DEMAND

FIGURE 3: MAJOR OIL TRADE MOVEMENTS, 2017

Note: Trade flows worldwide (million tonnes)



Source: BP Statistical Review of World Energy 2018

India's energy demand is expected to more than double by 2040, becoming the single largest source of global growth. China is to become the world's biggest oil consumer by 2040, even though its rate of growth is only one-fifth of that seen from 2000 to 2017. Demand growth is consistently strong in the Middle East, Latin America and Africa, fuelled by the above-mentioned demographic and socio-economic trends.

Energy demand will remain at around today's level in the US, and will decline in Japan and the European Union. Slower or even declining oil demand growth in developed markets is driven by structural factors such as ageing populations, efficiency gains and slower urbanisation rates. Increasingly, electric-based and other alternative fuel vehicles are becoming a part of the vehicle fleet. However, despite the gains, EVs remain a very small part of the overall market, accounting for approximately four million vehicles out of a global car fleet of more than 1.1 billion.

Fuelling road and air transport

Aggregate oil demand is dominated by just a few sectors – principally road transport, aviation and navigation, industry and petrochemicals. Together these account for more than 70% of the total. Oil is crucial to transport; aviation in particular requires fuel with a high-energy density, and there is no substitute for hydrocarbons. Transport demand overall (including road transport and aviation), which accounted for some 53 mb/d in 2017, is expected to grow by around 16% by 2040, increasing its total share of world oil demand to 58% (Figure 6).

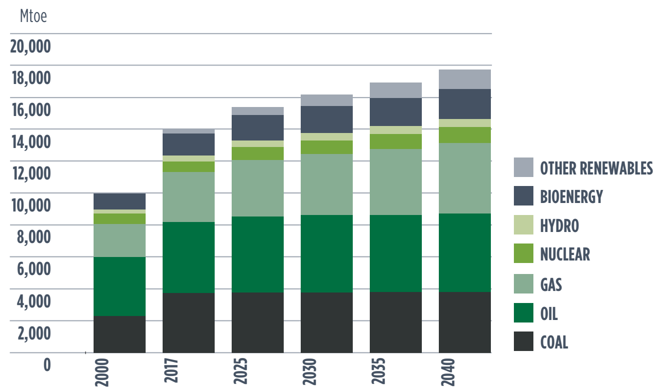
Puma Energy's business is well positioned

All of these developments – the rising volume of oil trade, the growing demand in emerging markets and the increasing need of oil for transport – give rise to robust demand for storage and distribution facilities.

Puma Energy's independent, efficient, cutting-edge storage facilities are well positioned to connect global supply network to local markets. This, along with an efficient distribution networks, strategically located in the world's largest and most dynamic markets, enables us to energise communities, delivering high-quality products to business-to-business (B2B), wholesale, aviation, bunkering, lubricants, bitumen and LPG customers.

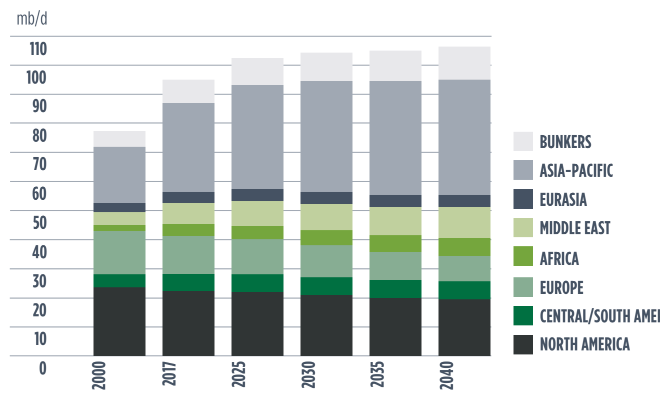
With more than 100 state-of-the-art storage facilities and 3,082 retail sites around the world, Puma Energy is well positioned to thrive in the years ahead. ■

FIGURE 4: WORLD PRIMARY ENERGY DEMAND BY FUEL, 2000–2040



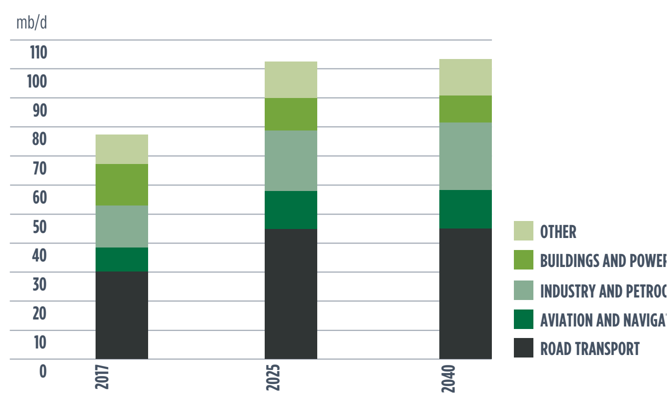
Source: IEA World Energy Outlook 2018, New Policies Scenario

FIGURE 5: WORLD OIL DEMAND BY REGION, 2000–2040



Source: IEA World Energy Outlook 2018, New Policies Scenario

FIGURE 6: WORLD OIL DEMAND BY SECTOR, 2017–2040



Source: IEA World Energy Outlook 2018, New Policies Scenario

1 Source: BP Statistical Review of World Energy 2018
2 Megacities: Developing Country Domination, Euromonitor International
3 Source: IEA World Energy Outlook 2018, New Policies Scenario https://www.weforum.org/agenda/2018/10/these-are-the-megacities-of-the-future/

REGIONAL FOCUS: KEY STATISTICS

Puma Energy specialises in the lower-risk, 'high-value' Midstream and Downstream: storing, selling and distributing refined products, and is investing where the demand for oil is growing, or is large, and where there is a need for transformative infrastructure.

AFRICA

The realisation of Africa's substantial economic potential remains impacted by the volatility and relative weakness of oil and other commodity prices. Medium-term growth prospects remain relatively optimistic.

EXPECTED GDP GROWTH
4.1%
UP TO 2023[1]

PROJECTED POPULATION GROWTH
13%
UP TO 2023[2]

OIL DEMAND INCREASE
20%
UP TO 2025[3]

LATIN AMERICA

The global slowdown, financial volatility, political and trade tensions are weighing on growth prospects across the Americas. Medium-term growth prospects remain promising thanks to favourable demographics, such as a growing population and an emerging middle class.

GDP GROWTH
2.9%
UP TO 2023[1]

PROJECTED POPULATION GROWTH
5%
UP TO 2023[2]

OIL DEMAND INCREASE
2%
UP TO 2025[3]

1 Between 2019 and 2023. Source: IMF 2018 World Economic Outlook.
2 Between 2018 and 2023. Source: UN 2017 Revision of World Population Prospects.
3 Source: IEA 2018 World Energy Outlook.

ASIA-PACIFIC

Amid slowing global growth, tighter financial conditions and ongoing US-China trade tensions, growth in Asia-Pacific is set to slow down in 2019. Nonetheless, Asia-Pacific remains the world's most dynamic region by a considerable margin, accounting for two-thirds of the world's economic growth in 2019.

GDP GROWTH

6.1%

UP TO 2023[1]

PROJECTED POPULATION GROWTH

4%

UP TO 2023[2]

OIL DEMAND INCREASE

17%

UP TO 2025[3]

EUROPE

Europe, although mature, is and will remain a large market. Accounting for around one-quarter of global GDP, the region continues to grow at a respectable rate, as domestic demand is supported by high employment and wages.

GDP GROWTH

1.4%

UP TO 2023[1]

PROJECTED POPULATION GROWTH

0%

UP TO 2023[2]

OIL DEMAND DECREASE

-8%

UP TO 2025[3]

Seamless delivery, security of supply, quality fuel management, competitive prices and great service. We have built our business on an unrivalled global infrastructure and an exceptional customer proposition.

BUSINESS REVIEW

The growth of Puma Energy in recent years has come largely from the assets and businesses we have built organically, but we have also made acquisitions and major investments in strategic markets. This has helped us build our business rapidly and enhance our capabilities across the entire fuel value chain on a global scale – from our Midstream activities to our Downstream businesses that include our strong retail presence, B2B services and into-plane fuelling operations, as well as our lubricants, bitumen and LPG businesses.

Further optimising our strategic asset base

Having finalised our major investment phase, we are now focusing on extracting even greater value from our existing asset base. While we have moved beyond the massive investment projects of recent years, their benefits will become increasingly evident in the decades ahead. We will continue to expand by going deeper into the markets where we are present, covering more business lines and making selective investments linked to our existing asset base, but our priority will be to improve our return on investment ratios. During the year we finished the construction of selected new retail sites, mainly in the Americas, and started aviation operations at 13 new airports.

We also made several divestments during the year, where conditions have been favourable. Most significantly, during 2018, we disposed of our 20% stake in the Langsat terminal in Malaysia and we exited Peru.

Our Downstream performance in 2018

The number of Puma Energy retail sites grew to 3,082 in December 2018 (end 2017: 3,064), with overall sales volumes from retail operations up by 7% year-on-year. Gross profit from our Downstream businesses has been impacted by headwinds in some of our key markets, including both currency devaluations against the US Dollar, and changes in competitive dynamics.

Aviation continued to perform strongly, with further expansion into new airports, mainly in Africa. Capitalising on the roll-out of our eAviation programme to the majority of our markets in 2017, our aviation operations have been further streamlined and become more cost-efficient. The B2B segment is still under pressure in some of our commodity exporting countries, where we continue to see lower volumes and unit margins. At the same time, we have expanded our lubricants business in new markets.

Unrivalled infrastructure and storage network

Having finalised so many significant capital expenditure projects in the past few years, we benefit from a unique infrastructure base. Our state-of-the-art terminals and storage hubs work 24/7 in conjunction with our world-class distribution network to ensure that our customers always have the fuel products they need.

With that network now complete in almost all the markets we serve, our Midstream business can meet the needs of all our Downstream businesses, allowing us to maintain strong unit margins by exploiting our unique asset base to the full.

With the roll-out of ePuma across our operations, we expect to reach even higher levels of customer engagement and operational excellence. The digital transformation of our business should contribute to both standardising and simplifying our processes around the world, while improving cost efficiency.

> *"We have completed massive investment projects and their benefits will become increasingly evident in the decades ahead."*

ONE-THIRD OF OUR STATE-OF-THE-ART TERMINALS AND STORAGE HUBS WORK

24/7

3,082

RETAIL SITES IN DECEMBER 2018


PUMA
pumaenergy.com.au
ENERGY

MIDSTREAM

Puma Energy's infrastructure and storage facilities on five continents support international trade flows for both regional and national wholesale operators around the world. These Midstream operations enable our Downstream activities to provide energy solutions to businesses, keep people connected and provide stability in 48 countries.

DOWNSTREAM

We provide energy solutions to the global Downstream market, supplying a wide range of oil products in 48 countries through our growing retail, wholesale and B2B operations. Our integrated Midstream infrastructure secures access to the products our customers need to fuel their activities and stay connected, wherever they are in the world.

OUR ROLE IN THE OIL— LIFE CYCLE

Our integrated Midstream and Downstream operations provide our customers around the world with secure access to a wide range of fuel and non-fuel products.

③ Marine systems
We have developed a high level of competence and expertise in marine infrastructure and operations, as receiving and delivering oil products through marine facilities is a key part of our business worldwide.
Page 47

② Transport and safety
Our transportation networks encompass road, rail and sea, operating 24/7/365 to ensure prompt and efficient fuel deliveries globally.
Page 48

⑦ LPG
We also bottle and transport liquefied petroleum gas (LPG), delivering our high-quality LPG to an expanding global base of customers at a competitive price and on time.
Page 44

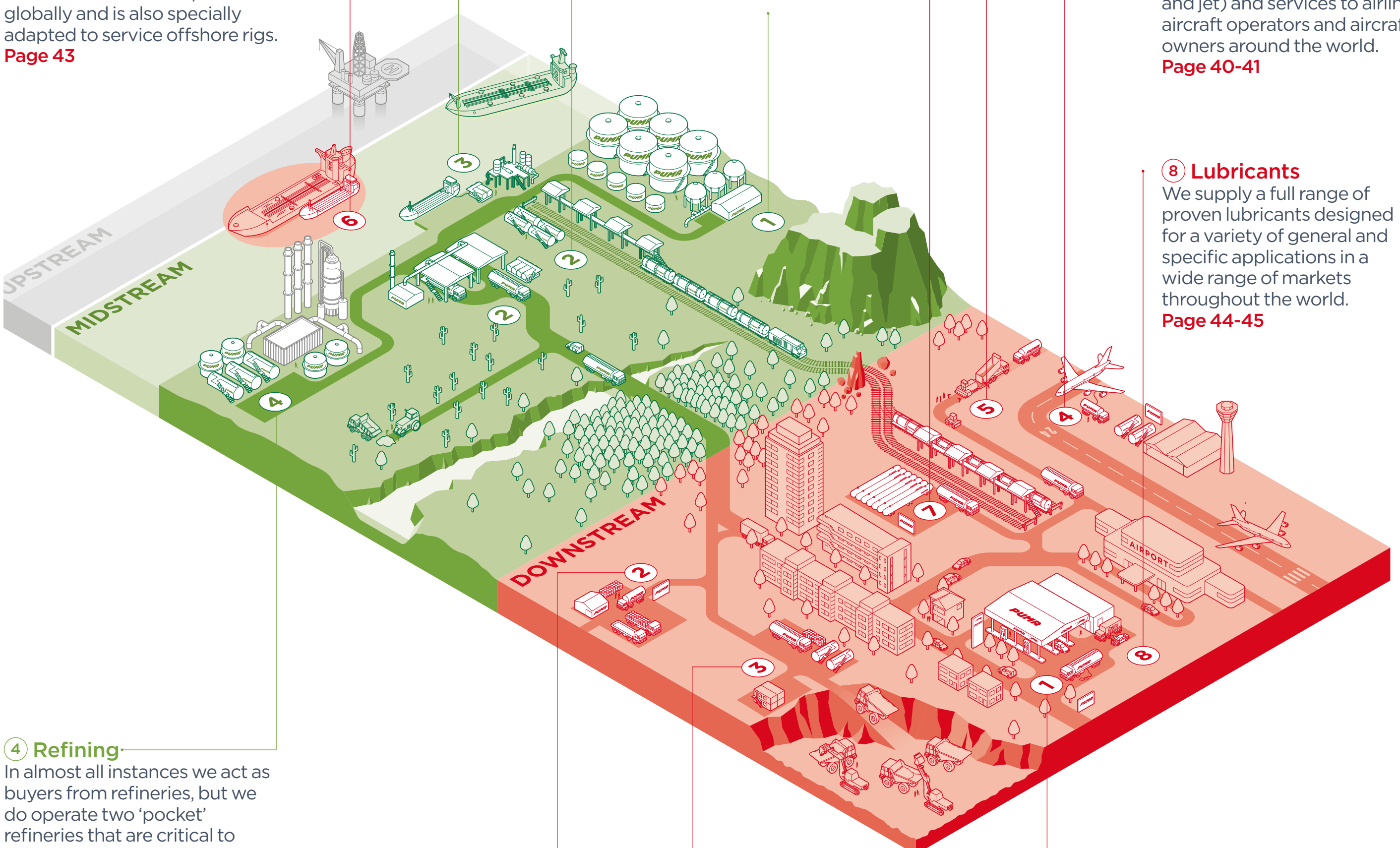
⑤ Bitumen
Our advanced fleet of bitumen ships forms a crucial part of our flexible and reliable distribution network, enabling us to load or unload bitumen at almost any major port in the world.
Page 42

⑥ Bunkering
The term 'bunker' for ship oil originated in the days of steam ships when coal was kept in bunkers. Our modern fleet of bunker vessels fuel ships globally and is also specially adapted to service offshore rigs.
Page 43

① Onshore storage
Our purpose-built terminals give customers access to high-quality storage anywhere in the world.
Page 46-47

④ Aviation
We provide consistently high-quality aviation fuel (Avgas and jet) and services to airlines, aircraft operators and aircraft owners around the world.
Page 40-41

⑧ Lubricants
We supply a full range of proven lubricants designed for a variety of general and specific applications in a wide range of markets throughout the world.
Page 44-45



④ Refining
In almost all instances we act as buyers from refineries, but we do operate two 'pocket' refineries that are critical to local supply systems, one in Nicaragua and the other in Papua New Guinea.
Page 49

⑤ Global supply
Our strategically located storage terminals allow us to source products globally, reliably and at competitive prices.
Page 46

② Wholesale
We supply our petroleum products to independent distributors throughout the world, who in turn sell them on to local retailers and customers.
Page 38

③ B2B
Our ability to match the needs of a highly geographically diverse range of customers, some of whom operate in remote, demanding and potentially dangerous environments, gives us a competitive edge.
Page 38

① Retail
We are a leading global retailer, with 3,082 retail sites worldwide. We have retail networks in many countries in Africa, Australia, Asia-Pacific and Central and South America.
Page 36-37

DOWNSTREAM

Puma Energy creates value day in, day out for our customers in 48 countries, supplying a wide range of products and services.

We have Downstream operations in various sectors and product categories, including retail, wholesale, business-to-business (B2B), aviation, bitumen, lubricants, bunkering and LPG.

3,082
RETAIL SITES AROUND THE WORLD

270m
DRIVERS THROUGH OUR RETAIL SITES

RETAIL

We provide high-quality, competitively-priced fuels, including premium fuel products in many countries, alongside convenience stores, cafes, restaurants and other food options – all at welcoming, secure sites that offer easy digital ways to pay.

We are passionate about serving customers and they enjoy Puma Energy's trademark warm welcome. Improving the retail experience is a top priority for us, which means adopting best-in-class practices and the latest technology, and training our employees in every aspect of their roles. We focus on every detail, including creating safe environments for our customers and staff, 24 hours a day.

In 2018, we have continued to invest in the quality and scope of our retail network, including upgrading and rebranding activities in Australia, Tanzania, South Africa and Lesotho. We have also acquired small retail networks in Ivory Coast and Lesotho and opened selected new sites in the Americas. Most of our 3,082 retail sites at the end of 2018 (end 2017: 3,064) are Puma Energy-branded and are spread across Central and South America, the Caribbean, Africa and Asia-Pacific.

And, while regulations vary widely in different parts of the world, quality is always central to the way we market our fuel. It is the key to Puma Energy increasing its profits and is essential to the growth of our retail business. We meet all national quality specifications in the markets in which we operate and support efforts by national governments to improve fuel quality, while promoting our range of premium fuel brands across our retail networks.

We further demonstrate our commitment to energising communities through our retail outlets by understanding our customers' needs and by making a real difference in the communities we serve. Our retail sites are always well stocked with the products local people need and we recruit local people who know their markets well. They provide important insights into local preferences and a vital link to their communities.

Many of our retail sites offer convenience stores under the Super7 or Shop Express brands, but we are busy expanding our retail offer to meet even more of our customers' needs. New concepts, such as our 7th Street cafe/convenience stores in Australia, offer high-quality food and drink, and new convenience shopping options to better fuel our customers' journeys. As this 7th Street format has proved successful in Australia, we rolled it out across other geographies in 2018.

Our retail sites are always well lit, and we use state-of-the-art security cameras. We invest in the very best facilities at our retail sites, our forecourts are well signposted, we ensure that the carwash is always in operation and that the washroom facilities are kept spotlessly clean.

As an energy business, we understand the value of limited natural resources, so we are always looking for ways to reduce our energy and water use, or cut carbon emissions and costs with technological innovation. To help with this, we have rolled out efficient LED lighting across our network of retail sites.

We work hard to delight our consumers with unique offers that continue to build an already respected global Puma Energy brand.

9,910
CUPS OF COFFEE SOLD PER WEEK IN THE AMERICAS

53,928
HOT DOGS SERVED PER MONTH IN PANAMA

45.8m
FUEL AND CONVENIENCE TRANSACTIONS PER YEAR IN AUSTRALIA

This goes beyond directly managing retail sites, as we develop dealer-operated networks, offering training and creating opportunities for local entrepreneurs.

Our integrated offer runs across both our forecourt and our convenience stores, and is designed to help our partners maximise the growth potential of their retail sites by delivering on our consumer brand promise that is linked to the values of being young, different, independent, innovative and friendly.

We run market-leading promotional programmes in many countries, helping to drive both our fuel and non-fuel business, and adding further value for our people and customers. We also look for ways to make the most of digital innovations and technology to enhance the service and experience we give our customers. This has included our mobile payment app, Puma FastPay in Puerto Rico, and our smartcard-based pre-paid fuel wallet, MyFuel, that allows customers in Malawi to use pre-funded chip-cards.

CASE STUDY

BROADENING OUR NON-FUEL OFFER IN THE AMERICAS

1

Refer to page 10 for all the strategic priorities

Our C-store initiative is increasing sales and profitability in our retail business.

The successful expansion of our retail business in the Americas in 2018 has been the result of both top-line activities, such as the design of new store concepts and layouts, category optimisation and brand enhancement, and improvements to the bottom line, with increased efficiency and franchise control through HR shared services, central logistics and store processes, and staff reorganisation.

Improving the customer value proposition
Our C-store initiative puts a renewed focus on quality, safety, customer experience and cleanliness at our retail sites that really enhances the customer value proposition we offer.

We are increasing brand awareness among consumers, adding to our retail offering and elevating the Fuel Product Quality Index, which helps to maintain and raise fuel standards in the market.

We are also reducing 'friction' at the forecourt by enabling credit/debit transactions with FastPay, allowing customers to pay for fuel through our Puma Energy App. This has helped us to increase fuel and C-store sales and improve the buying experience. The C-store initiative also requires a checklist of daily activities to be performed by site staff to maintain consistent operational standards across our networks, backed by a supportive process based on 'Train – Inspect – Reward' principles.

WHOLESALE

Our relationships with wholesalers are based on safety and security of supply, as they rely on us to provide the products their customers need on time and on specification.

We fuel the success of our wholesale customers' businesses by maintaining reliable and safe supplies and building strong relationships, based on mutual trust. Puma Energy supplies petroleum products to many local distributors around the world, who then sell them on to third parties, such as independent retailers and commercial and industrial companies. We provide a full range of fuel products to these wholesale customers and help them meet their specific local demands.

We build strong relationships with wholesalers by delivering the right products to them, at the right time and price, backed up by our strong safety track record and reliability of supply. Trust on both sides is important, as our wholesale customers rely on us to deliver, but we entrust them with our products and, through their own business, to represent Puma Energy's best practices and high standards.

1.7m m^3

FUEL TRANSPORTED EVERY YEAR IN AUSTRALIA

1,700

TRUCKS DELIVERING FUEL EVERY DAY

B2B

Puma Energy has demonstrated that it is the ideal choice for even the most demanding business-to-business (B2B) customers. We have the resources and expertise, the strategically located storage terminals and the modern distribution fleets that allow our customers to access global markets.

Our business customers range from world-famous multinationals to local businesses. They include many of the world's leading mining companies, and major businesses in key sectors such as transport, power generation, industrial, manufacturing, agricultural and construction. Between them, they keep the lights on, build the houses, grow the food, run the trains and make everything from cars to cardboard and televisions to textiles.

These companies all play a vital role in the economies in which they operate – creating wealth, providing employment, building infrastructure and supplying important products and services. For them, reliability is a top priority. If their fuel runs dry, they lose money. They trust us to ensure this never happens and we must meet our customers' fuel needs no matter what. Earning that trust is crucial, even if it means putting in place robust logistics and transport systems to guarantee delivery to some of the most inhospitable industrial locations on earth.

We currently have around 20,500 B2B customers, and we usually work with them on three- to five-year contracts. We have strong relationships with multinational businesses such as Tesco, American Airlines, Coca-Cola and Nissan, offering them a fully managed service and 24/7 on-site expert support when required. Many of our customers want to deal with a single supplier across an entire region, a service we can now offer in large areas of the world, which helps them to streamline their processes and save money.

We also demonstrate our long-term commitment to our customers by working with them to develop products, technologies, support and delivery services they can trust absolutely. We provide them with a broad portfolio of fuels.

For our B2B customers, reliability is a top priority. If their fuel runs dry, they lose money.

High-quality diesel is in great demand with mining companies, while power-generating companies, such as the Power and Water Corporation in Australia and Puerto Rico Electric Power Authority in Central America, want heavy fuel oil. Construction companies rely on our bitumen for road building and roof felting, while our lubricants business complements and enhances our fuels business. We continue to invest in technology to improve the services we offer to customers. With the roll-out of ePuma across our operations, we expect to reach even higher levels of customer engagement and operational excellence, while at the same time improving cost efficiency.

20,500

NUMBER OF B2B CUSTOMERS WORLDWIDE

CASE STUDY

IMPROVING GLOBAL ACCESS TO AVGAS FROM OUR FACILITY IN ESTONIA

3

Refer to page 10 for all the strategic priorities

New investment in our Estonia facility helps us better serve customers in five continents.

Compared to the large-scale production of jet A1, Avgas (aviation gasoline) is manufactured in relatively small quantities at just a few facilities around the world. That is why we have been investing significantly in our world-class Avgas production facility in Estonia, serving customers who need the best quality fuel for recreational flying, running a flying school or for their charter business.

Fully automated facility
We are now the largest Avgas supplier in Africa and the second largest producer in Europe. The facility in Estonia is our main Avgas production hub, enabling us to supply airfields, fixed-base operators (FBOs), flying clubs and independent distributors all over the world. With the expansion we have undertaken this year, our fully automated facility can now produce and store the highest-quality Avgas for global distribution at any time.

We produce our Avgas according to Def-Stan 91-090 issue 4 and ASTM D 910 standards. The production facilities are ISO 9001 and 14001 certified and designed to the latest requirements set by the aviation industry. They also surpass stringent international standards for Avgas, guaranteeing high quality, safety and performance.

Overcoming barriers
Through investments like this, we are constantly striving to improve our offering and help our partners around the world achieve their objectives – whether that is getting fuel to new and remote locations, overcoming regional currency barriers or ensuring traceability throughout the supply chain. The geographic location of our Estonian Avgas production facility and Puma Energy's unrivalled infrastructure allow us to transport this high-quality and complex product to customers all over the world via tanker vessels, rail tank car, truck cisterns, ISO tank containers and drums.

AVIATION

We are raising the standards of storage, product quality and refuelling times at airports worldwide. From touchdown to take-off, we refuel our customers on time, while keeping safety at the heart of everything we do.

www.pumaaviation.com

1
AIRPORT IN EUROPE

Puma Aviation understands the requirements of the world's leading airlines and airports, and our customers know they can rely on us 24/7 to meet their needs.

With proactive account management and a dedicated Puma Energy core team, we take care of everything – from importation, handling, storage, bridging and transportation, to onto-plane operations at Puma Energy-owned airport fuelling depots using our own people. Our eAviation technology also makes it easy to do business with us, and we offer a digital platform for pricing, delivery ticket and invoicing, as well as tailored customer solutions.

10
AIRPORTS IN AMERICAS

We have built an excellent reputation in aviation, based on our efficiency, strong safety track record and competitively priced products. We fuel aircraft from recreational planes all the way to corporate jets, heavy-lift cargo planes and large commercial aircraft. We work with a growing number of major international airlines, including South African Airways, Qatar Airways, Delta Air Lines, KLM, Emirates, Singapore Airlines, Iberia and Taca Airlines, as well as many domestic airlines around the world. We have the global technical capacity with the experience and expertise needed to provide technical services and operational support to these airports and airlines. We help to improve logistics, operations and systems by designing, building and commissioning new and upgraded ocean storage terminals, airport depots, jet fuel hydrant systems and into-plane equipment.

22
AIRPORTS IN MIDDLE EAST AND ASIA-PACIFIC

Our aviation operations fuel aircraft at 84 airports every day, making use of our modern tank farms, refuelling vehicles and hydrants. We have industry-leading airport fuelling standards, are a member the Joint Inspection Group (JIG) and carry out regular inspections. We have incorporated the JIG standard into our operating manual and are a strategic partner of the IATA fuel group. We also ensure that international standards are maintained through fuel quality control audits throughout the supply chain, and by providing training to depot staff and into-plane fuelling personnel. Puma Aviation now operates across Latin America, Africa and Asia, as well as at the new airport in Rostov in Russia. In Central and South America, we have aviation operations in El Salvador, Guatemala, Nicaragua, Belize, Paraguay and Colombia, and just recently started operating at Tocumen International Airport in Panama.

51
AIRPORTS IN AFRICA

In the Caribbean, we operate in Puerto Rico, St Thomas Island and St. Croix in the US Virgin Islands.

In Asia, we are present at 11 airports in Papua New Guinea and distribute jet fuel to all of Myanmar's 11 airports. During this year we started operations at seven new airports in Mozambique and four in South Africa. We also operate in Namibia, Botswana, Zambia, Malawi, South Africa (including O.R. Tambo International Airport in Johannesburg), Benin, Ghana, Zimbabwe, DRC, Senegal, Tanzania, Angola, Burundi, Nigeria and Swaziland, supplying fuel to airlines at 51 airports across Africa.

1,820k
VOLUME OF AVGAS AND JET SOLD IN 2018

CASE STUDY

INVESTING IN CRUMB RUBBER-MODIFIED BITUMEN (CRMB) IN AUSTRALIA

1

Refer to page 10 for all the strategic priorities

We are actively supporting the roll-out of CRMB across the country.

Bitumen that has been modified by the incorporation of rubber particles sourced from end-of-life vehicle tyres has been used in road construction and maintenance across Australia since the early 1970s. However, the environmental and safety issues resulting from the mounting stockpile has put a new focus on the use of CRMB.

Leading supplier of bitumen
As the largest bitumen supplier in Australia, we are actively consulting with regulatory authorities and industry groups to help facilitate a successful national roll-out of CRMB. Apart from the environmental advantages, the product can improve the performance of bitumen used in asphalt and sprayed sealing treatments. It can also be used as an alternative to synthetic polymers.

Developing our CRMB capacity
While we offer a well-established range of high-quality modified bitumen products in Australia, currently we only have limited capacity to manufacture CRMB. This will change in 2019, as we have invested in a new plant in Brisbane, which is due to be completed in February. Puma Energy Australia's Quality Assurance is already renowned in the market, and we are looking to bring this same excellence to the CRMB market. We also have plans to expand sales of CRMB in other markets over the next two years.

BITUMEN

We supply our customers with the bitumen they need – safely, efficiently and on time. They benefit from the integrated logistics services available at our terminals, and their seamless connections to our specialist bitumen vessels and containers.

www.pumaenergybitumen.com

We manufacture, store and supply bitumens and polymer-modified bitumens that are designed to exceed key quality parameters for penetration, viscosity and performance, as well as emulsions used in road pavement and maintenance, including prime coating, tack coating and surface dressing.

The products we supply are tested at loading ports by independent laboratories, while additional quality checks are performed in our own terminals. Our Terminal Management System (TMS) provides a high level of control over truck and driver access and monitors the flow of product in our terminals, ensuring that any losses are limited.

We own and operate the largest private bitumen terminal in Europe (Cadiz, Spain). We have recently completed the largest refined product import terminal in Myanmar at Thilawa and opened two new terminals in Nigeria.

During the year, we have assisted several countries, such as Vietnam, Nigeria, Mozambique and Congo, in major road building projects – sourcing and supplying the bitumen they need using our state-of-the-art fleet of bespoke insulated bitumen carriers and purpose-built terminals.

Puma Energy has also become an important contributor to road building in the UK. We now supply around 50% of all the country's bitumen imports, having only entered the market in 2015.

Wherever we work, we make it easy for our bitumen customers to do business with us. They can even benefit from a 'one-stop shop' that simplifies their contractual arrangements and gives them access to the expertise, advice and support they need to help their business grow. With our Company-wide expertise and global network, we can combine an offer for fuels, lubricants and bitumen, which makes product sourcing, delivery to site and maintenance of on-site facilities so much easier for our customers to manage.

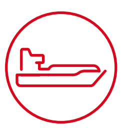
381k m³
BITUMEN STORAGE

17
OWNED BITUMEN TERMINALS WORLDWIDE

"It's been an exciting time in the business with unprecedented volatility in broader oil markets and extreme market changes in bitumen. Whilst change typically means disruption, we see it as an opportunity to better serve our customers – whether that be security of supply, technology offerings, or risk management."

Jamie Phillips,
Regional Head of Bitumen

BUNKERING



We use the latest technology and specialist expertise to keep commercial operators on track to meet their deadlines through our bunkering operations – refuelling ocean-going vessels or fixed structures safely and efficiently in deep water.

We are very well equipped to supply a broad range of fuels and lubricants to shipping and rig operators.
A growing number of customers, from major energy businesses and logistics companies to local fishing businesses, trust our service capability and our products to meet their offshore refuelling needs. Our bunkering facilities and vessels are among the most advanced in the world, and we comply with all international standards. We offer our clients – including Eni, Total and Bourbon – everything they require from a bunker supplier, including high-specification marine lubricants. We service container ships, tankers and fishing vessels, often at short notice, and we use the latest technology to deliver better solutions for our customers. To minimise layovers and maximise sailing time, we maintain fully stocked barges close to shipping lanes, and their powerful pumps reduce refuelling times by up to 50%.

These highly specialised and advanced bunker barges have also increased safety to new levels. Some of our barges have been specially adapted to service huge deep-water rigs and moored vessels offshore. Their high-pressure pumps deliver fuels at a faster speed, and make use of dynamic positioning (DP) systems to ensure a safe connection to our customers' facilities or vessels without any assistance by maintaining a steady distance of 50 metres from our vessel. We also support oil and gas exploration off the coast of East Africa through our local bunkering operations. Our facilities in Tanzania facilitate in-port and offshore bunkering for customers operating south of Tanzania and north of Mozambique.

94k m³
SOLD IN 2016

118k m³
SOLD IN 2017

213k m³
SOLD IN 2018

LPG

Our LPG offers significant benefits to consumers, including convenience, value for money and a carbon footprint that is around 20% lower than conventional heating oil or kerosene and 50% lower than coal.

Liquefied petroleum gas, or LPG, is a cleaner, lower-carbon, efficient source of energy that offers benefits to consumers, industry and the environment. We specialise in the storage, bottling and distribution of LPG, with distribution operations in Latin America, the Caribbean and Africa. From storage, through bottling to distribution, our priorities are to offer value for money, quality of service and promote high safety standards. In some markets, Puma Energy is already the partner of choice of national oil companies as they transition away from kerosene. LPG is highly versatile, with hundreds of different uses: most commonly in the home for heating and cooking or in the garden for barbecues. It can also be used commercially in forklift trucks, farming, industrial heating and catering. In Benin, we have LPG storage facilities with a capacity of around 4,800 m³, and we have significant storage and distribution capacity in Senegal, currently Africa's largest LPG consumer. Around two million domestic customers living in the Havana area in Cuba use our LPG for cooking and heating.

The versatility of LPG makes it an ideal product to market in circumstances where other fuels may be in short supply, either temporarily or on an ongoing basis. As was the case for example in 2017, when we continued to supply LPG across Puerto Rico, ensuring that access to this vital fuel source was maintained, despite the terrible effects of Hurricane Maria. LPG provided a critical lifeline for many people in the country during the recent crisis.

We continue to extend our reach into certain markets and look for new markets, such as in PNG and Myanmar, where LPG could play a role in creating a more secure, sustainable and competitive energy model that will benefit both business and domestic customers in the coming years.

LUBRICANTS

Puma Lubricants has a strong presence in 35 countries, serving customers in the agricultural, construction, mining, industrial, transportation and automotive sectors of the market.

www.pumalubricants.com

875
PRODUCTS OFFERED

35
COUNTRIES SERVED

Our customers trust Puma Lubricants. We deliver an integrated value proposition to our business-to-business customers that sets us apart from the competition. We sell our products through retail, wholesale and industrial market channels, and indirectly through selected distributors. Our lubricants range has undergone a complete brand overhaul in the past two years, creating an image that is attractive and fresh, reflecting both the products' quality and innovative properties. Our portfolio consists of 875 products, all backed by Puma Energy's reach and security of supply and exceeding automotive and industry specifications. They include on- and off-road automotive oils, heavy duty industrial oils, marine oils, hydraulic oils, coolants and greases.

We have invested in the latest state-of-the-art molecular technology and our products are approved by all major original equipment manufacturers (OEMs). We have a unique lubricants range that responds to the distinctive needs and objectives of key segments, providing improved protection and lower fuel consumption, offering greater benefits for drivers and enhanced productivity for businesses.

We also offer our business-to-business customers an integrated value proposition that sets us apart from the competition, supported by our world-class problem-solving expertise and a guaranteed on-time delivery promise. We make it our business to understand the specific needs of a very wide range of customers, whether their priority is heavy industrial, high performance or home use.

Beyond supplying products, we help our customers achieve better performance from their equipment at a reduced cost. Our lubricants experts work alongside our customers to analyse their equipment and understand their specific use and applications. From there, we produce lubricant survey charts for all machines and advise which of our products should be used. We also advise on the best maintenance schedule for the equipment to help reduce wear, improve utilisation and increase profitability.

MIDSTREAM

Our globally integrated asset base, world-class transportation and multiple global sources ensure the security of local supply at competitive prices.

We meet our customers' needs by covering all activities from bulk supply, storage and distribution to the retail and wholesale of our products.

> ***We organise our supply activities through a central department, creating a seamless interface between the international oil markets and our distribution affiliates.***

GLOBAL SUPPLY

Our traders and supply professionals work around the clock to ensure that we acquire the oil products our customers need today and in the future, efficiently and at the best price.

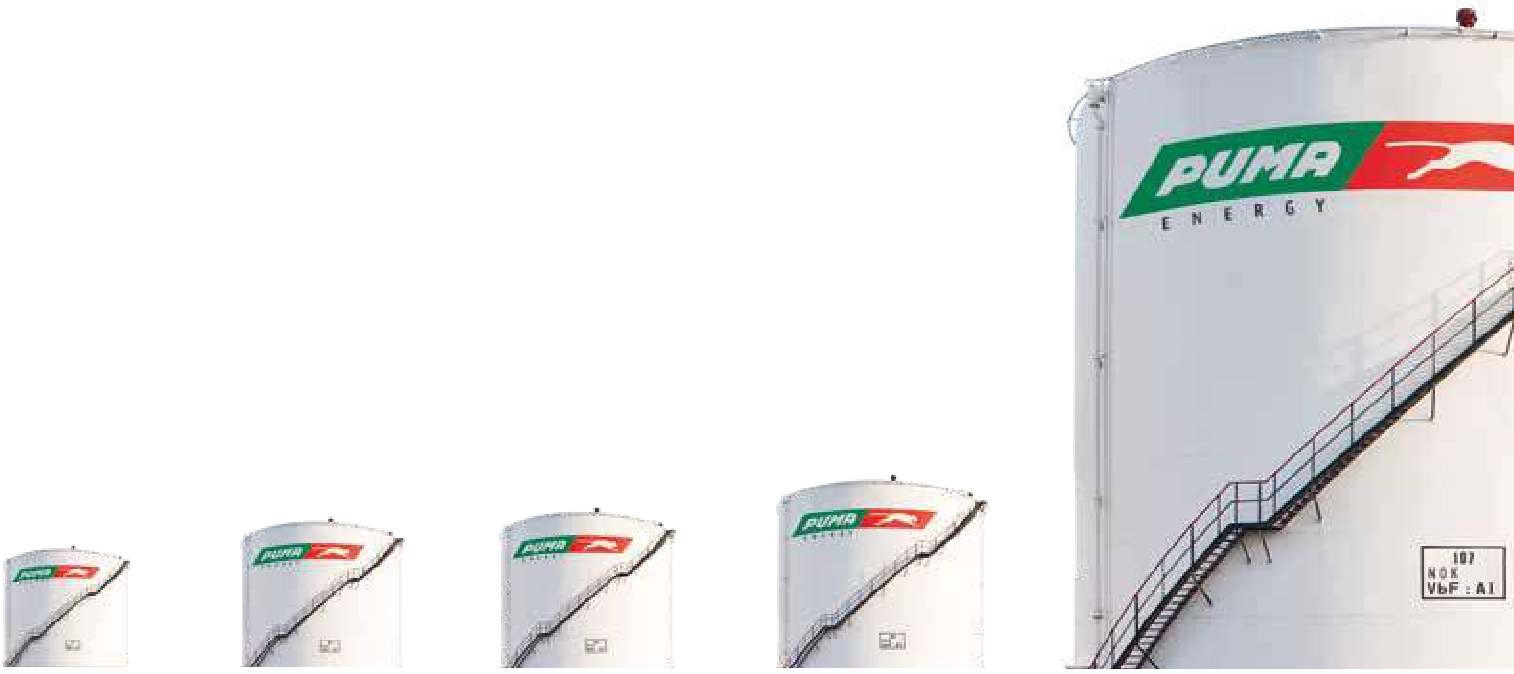
We operate terminals at strategic locations across five continents, varying by capacity, capability and range of products stored, geared to local, regional or global demand. This allows us to organise our supply activities through a central department, creating a seamless interface between the international oil markets and our distribution affiliates. Our highly experienced traders and operators acquire oil products at the best prices, including access to arbitrage cargoes coming from outside the region.

We actively manage our portfolio of positions – both assets and partnerships – and this is crucial to us remaining the most effective player in our markets, with the most effective portfolio. Our price exposure is controlled using sophisticated risk management instruments; we hedge our positions and do not take outright price risk. Thanks to our supply function, we can manage procurement at a regional, rather than a country, level to achieve economies of scale for our customers.

ONSHORE STORAGE

Our storage facilities are sited in strategic locations around the world. This allows us to maintain consistent supply to our customers, including key traders in fuel products and leading oil companies, while delivering the storage solutions they need.

Storage terminals are an essential part of any country's energy infrastructure and we contribute to this on a global scale. We have invested in high-quality storage facilities and services, both to support current requirements and anticipate our customers' future needs. As we have finalised our major investment phase, we now benefit from a strategic asset base to provide both storage services to external customers and to support our own Downstream operations. Our global network of 106 storage terminals and seven global storage hubs is also a vital resource to traders, wholesalers and major oil companies around the world. We handle many different products for these key customers at our facilities, including crude oil, fuel oil, clean refined products, bitumen, LPG and petrochemicals.



371k m³
PALDISKI, ESTONIA

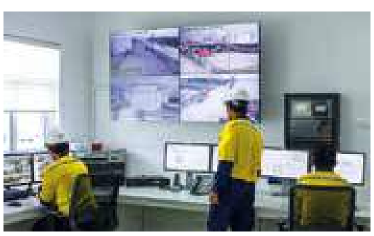
408k m³
PAPUA NEW GUINEA, REFINERY TERMINAL

412k m³
GRC TERMINAL, UAE

524k m³
SILLAMÄE, ESTONIA

1,431k m³
MILFORD HAVEN, UK

The expertise and technology we have developed at our facilities allows us to provide a broad range of services, including: the high-volume bulk-building and bulk-breaking required by traders when they split or combine products for resale; sophisticated blending and ‘butanisation’ of oil products; as well as rail, truck, pipeline and discharging services.



Top: Control room in Thilawa, Myanmar. Above: Storage facility in Townsville, Australia.

MARINE SYSTEMS

We receive and deliver oil products through our strategically located marine facilities. They all meet international safety and operational standards and are equipped with state-of-the-art discharge systems.

We have a wealth of experience in the construction, maintenance and operation of jetties, berths and offshore mooring systems, including offshore mooring systems in Ghana, Guatemala, El Salvador and Belize, along with port oil jetties in Puerto Rico, Ivory Coast and Dubai (UAE). We operate one of the world’s largest Conventional Buoy Mooring Systems in Luanda Bay, Angola, and our marine systems play a critical role in securing the supply of energy for our customers in many parts of the world. We also maintain a meticulous vessel vetting process and use a software system that complies with the standards of the Oil Companies International Marine Forum. This allows us to model each of our marine systems and consider the impacts of wind, waves and weather to assess the risks involved.

Offshore mooring system, Luanda Bay, Angola.

1,700
TRUCKS DELIVERING FUEL EVERY DAY

6th
GROUP-WIDE ROAD SAFETY CAMPAIGN

TRANSPORT AND SAFETY

The transportation of fuel and other hazardous liquids is a core part of our business, and a key part of the service we provide for our customers. We take the well-being of our drivers very seriously and take every precaution to ensure their safety and that of others.

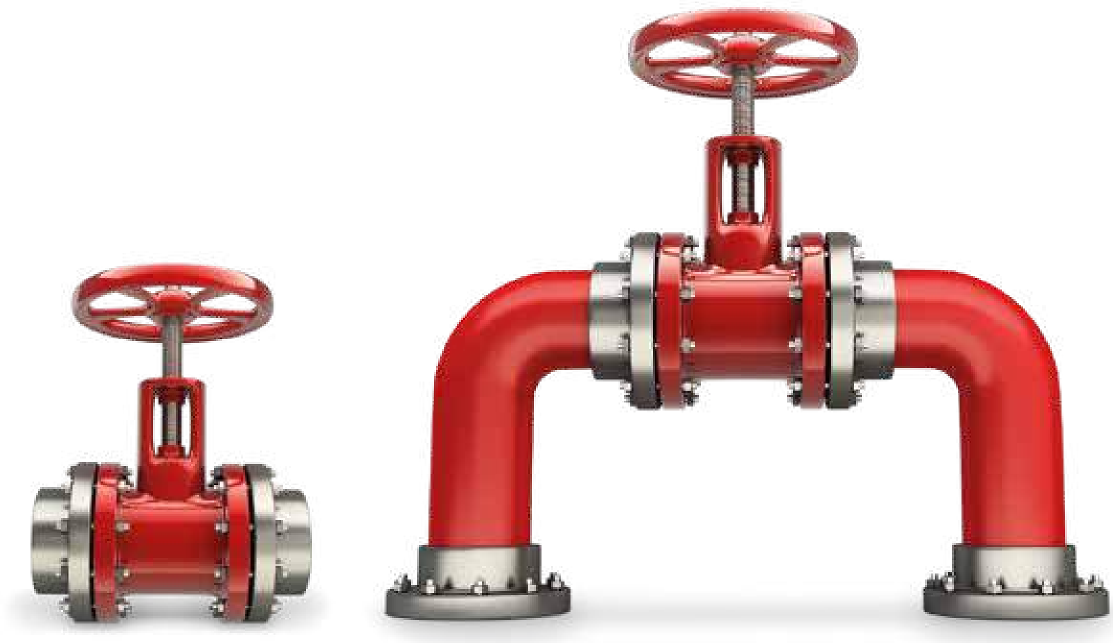
Serving our customers can involve the long-distance transportation of fuel and other extremely hazardous liquids – sometimes across very dangerous terrain or through rural villages, using poor roads and infrastructure. Although our regional operations use contracted transportation, we follow and apply very strict standards and processes when contracting hauliers to ensure that we appoint reputable and reliable service providers that manage their own operations in a sound and sustainable manner.

Our vehicles can travel vast distances, particularly in Africa and Australia, where the delivery runs of long-haul road train drivers can last for days. As part of our commitment to ensuring that our products are transported safely, and to the health and well-being of the drivers making these long runs, they are provided with sleep bunks, GPS tracking and satellite phones.

We are proud of our long-term safety record and conduct regular audits and assessments, which enforce high standards that help to ensure the transporters we select manage their operations effectively and maintain their vehicles to our exacting requirements. This reduces the number of incidents, such as spillages and contamination that have a negative impact on the environment, and reduces accidents, especially fatalities.

However, we recognise that our trucks contribute to the increasing road traffic that represents one of the largest risks to people in the countries in which we operate. Supporting road safety campaigns is a key activity across our businesses and our aim is to reduce road traffic incidents.

Top: 'Be Road Safe' campaign in action. Above: Our road train fleet transports fuel throughout Australia.



2

REFINERIES OPERATIONAL

528k m³

STORAGE CAPACITY AT OUR REFINERY TERMINALS

"

Our global Be Road Safe campaign is now in its sixth year and aims to promote the importance of road safety while raising awareness of the existing risks.

"

REFINING

We own and operate local refining assets only where it makes sense to do so, given the logic of supply in that specific region.

Refining is not part of our core business model. In fact, smaller refineries across the developed world have been closing in recent years, often being converted into terminals and storage facilities for refined products. These refineries have been replaced by far fewer 'super' refineries that benefit from considerable economies of scale. Puma Energy does not operate any 'super' refineries and we choose to own and operate small refining assets selectively.

We operate two small refineries, one in Nicaragua and one in Papua New Guinea, which are both critical to the country's supply systems, and provide local customers with quality fuel products. ■

Our refinery in Nicaragua.

In 2018, we continued to expand our retail network and infrastructure presence, and successfully navigated the recovery after the 2017 hurricanes.

1,310
RETAIL SITES IN THE AMERICAS

1.6m m³
STORAGE CAPACITY IN THE AMERICAS

AMERICAS

Overall performance in 2018

In 2018, we registered record volumes in the Americas, whereas both gross profit and EBITDA have been somewhat impacted by lower unit margins in a competitive market environment.

The Group continues to make selective investments to develop its retail network and to strengthen its storage infrastructure. During the year, we finalised the construction of two strategically located terminals in Panama and Colombia. With a total storage capacity of 1.6 million m³, we are in a good position to secure fuel supplies, while at the same time we continue to expand and improve our service offering for our retail customers.

Developing our retail operations

Retail is a key component of our business in the Americas region. Puma Energy is always committed to offering its clients an improved customer experience and a vast choice of convenience products, along with high-quality fuels.

In 2018, we further invested in our retail network and opened new retail sites, while rebuilding and repairing the sites hit by the hurricane in Puerto Rico. In Colombia, we completed the refurbishment and rebranding of the sites acquired in 2015 and added six more sites during the year. In Panama, the 17 sites added to the network during 2017 and 2018 have now been fully branded as Puma Energy and a full range of lubricants is now available at all sites.

Puma Energy Guatemala continues to grow in terms of sites and volumes, adding an additional 15 sites to its retail network during the year. Puma Energy now has 251 retail sites across the country. Our business in Guatemala also launched a special fuels campaign this year, with local Bank BAM as co-sponsor. The campaign centered on a raffle, with 80 lucky winners, each winning one year of free fuel. The large response from consumers demonstrated again the brand recognition of Puma Energy in the country and we saw a considerable increase in volumes sold.

Focus on fuel quality

Fuel quality is a high priority across the region – our fuels always meet, and often exceed, local standards and legal requirements. Puma Energy in Honduras and Guatemala succeeded in obtaining the industry's most recognised certification for petrol this year – TOP TIER Detergent Gasoline. This is the premier standard for petroleum performance, recognised by BMW, General Motors, Fiat Chrysler Automobiles, Ford, Honda, Toyota, Volkswagen, Mercedes-Benz and Audi. In Puerto Rico, El Salvador and Panama, we had already achieved this status in previous years and were re-certified during 2018.

In Guatemala, we are already pioneers in the market, having introduced Ultra-Low Sulphur Diesel (with no more than 50 ppm) under our brand ION Puma Diesel. Across the Americas, we also manage differentiated fuels, formulated with additives that enhance performance, under our Maxxima brand.

WHERE WE OPERATE
- Belize
- Chile
- Colombia
- Cuba
- El Salvador
- Guatemala
- Honduras
- Nicaragua
- Panama
- Paraguay
- Puerto Rico and US Virgin Islands


POWERED BY PUMA
Track Tested
PUMA
GOODYEAR

CASE STUDY

OPERATIONAL RECOVERY IN PUERTO RICO AND THE VIRGIN ISLANDS OF ST THOMAS AND ST JOHN

5

Refer to page 10 for all the strategic priorities

Our capacity for fuel distribution and logistics has been vital in overcoming the devastation wrought by hurricanes in the region.

The Puma Energy teams in Latin America responded magnificently to the challenges facing Puerto Rico following Hurricane Maria in 2017 and they have continued to help with recovery projects in the region this year. This is another great demonstration of the positive influence we can have on the communities we serve, even in times of great adversity.

Restoring infrastructure in St Thomas and St John
Local team members, Crispin Benitez and Luis Ruiz Diaz, two of Puma Energy's electromechanical technicians, travelled to the Virgin Islands of St Thomas and St John and returned weeks later, proud to have been able to carry out important restorative work.

Their achievements included repairing fuel dispensing machines and installing new equipment in more than seven service stations and fuel posts from airports to marinas.

Maintaining critical services
Back in 2017, our people worked closely with authorities in Puerto Rico throughout the crisis, sharing our knowledge and leading important discussions. Our aviation people, maintenance teams, operations people, terminal operating teams and many others did not hesitate to work long days to support key officials and business contacts, such as employees of the Electric Power Authority and the Senate of Puerto Rico, to get the power back on and maintain critical services.

Through our resilience and the organised approach of our people and management, we managed to fulfil the requirements of our customers, the press, the Puerto Rico Police, construction companies, government agencies and many more. Puma Energy was also the only fuel supply company that was ready from the very beginning to get into the airport, to get planes back in the air.

Meeting the needs of local people
For months after the storm, many homes, businesses, schools and hospitals still suffered from power shortages. We worked closely with the government and industries to supply fuel to the island, since no other company in Puerto Rico had our capacity for distribution and logistics. For our people, the days were long, the challenges innumerable but their determination to meet the urgent needs of the island's people, communities and businesses was unwavering.

Infrastructure improvements
During 2018, we completed the construction of two terminals, Baranoa in Colombia and Colon in Panama, adding another 88k m^3 to our regional storage capacity. This reinforces Puma Energy's position as an important player in those two markets and provides us with a financial advantage compared to the costs of operating from a third-party facility.

Both terminals have been built meeting industry requirements and Puma Energy's HSEC standards. Thanks to the outstanding efforts provided by the local construction and operations teams, we have been able start operations at Colon 19 days ahead of schedule. As part of our portfolio optimisation efforts, we disposed of our operations in Peru.

Recovery plan in Puerto Rico
Two major hurricanes struck Puerto Rico in 2017 – causing enormous destruction – and marked a clear 'before and after' for its communities. 2018 was one of the most difficult years for the island. By guaranteeing fuel supply to industrial clients, government agencies, key sectors of the economy and the population in general, Puma Energy played a key role in Puerto Rico's recovery. We are fully committed to implementing the recovery plan in Puerto Rico, including making the investment required to rebuild the service stations and damaged fuel infrastructure.

On a smaller scale, Puma Energy has been involved in several charity projects during 2018. For example, in June, 80 of our local employees and their families offered their support to work in collaboration with TECHO Puerto Rico, a modular home building specialist, to build six homes for families who lost everything during the passage of the hurricanes.

MORE THAN
7,100
B2B CUSTOMERS IN THE AMERICAS

We further strengthened our position in Panama, as we finished the construction of our 80k m^3 storage terminal at Colon and started the digitalisation of our activities with the roll-out of ePuma.

Rodrigo Zavala,
Chief Operating Officer, Americas

During the year, we added 15 more retail sites in Guatemala, and improved the overall experience of our retail customers.

Rodrigo Zavala, Chief Operating Officer, Americas

Roll-out of ePuma in Panama
Panama pioneered the implementation of ePuma across customers to place their orders directly through our new portal. The user-friendly tool has generated high levels of customer satisfaction, increasing customer preference and loyalty to the Puma Energy brand.

The portal is an end-to-end solution able to handle pricing, delivery ticket capture and invoicing. Benefits of the tool have been reduced mistakes, as well as higher speed and efficiency for both Puma Energy and its customers. We are now in the process of implementing ePuma across multiple countries in the region.

Technology driving aviation
We operate at 10 airports across South America, Central America and the Caribbean. In late 2018, we started operations at Tocumen International Airport in Panama.

Our new eAviation digital platform, which was rolled out in 2017 across all the airports we serve in the Americas, handles pricing, delivery ticket capture and invoicing. Using the platform reduces mistakes, makes things faster and more efficient, enhancing the customer experience. It also means that the airlines we supply and service – including American Airlines, Delta, United and Iberia, along with other local and international airlines, such as Sol del Paraguay – can be assured that the fuel that is loaded is exactly what goes onto our invoice. ■

CASE STUDY

ePUMA GOES LIVE IN PANAMA

1

Refer to page 10 for all the strategic priorities

ePuma is a major programme that assembles leading-edge technologies into a solution that supports and improves our interaction with customers.

The final quarter of 2018 saw the beginning of a major roll out and transformation of the digitalisation of the business when ePuma went live in Panama. While our finance teams in Geneva and the Ivory Coast had already been using the system, Panama was the first of our storage and distribution countries to go fully operational and functional on the new ePuma platform.

Transforming the business
ePuma is a clear example of the way we are using new approaches across the business to grow smartly and more efficiently. With its state-of-the-art technology and immediate interaction, the system will help us develop more productive interactions with our customers. It is an important step towards the digital transformation of our business.

Using ePuma, numerous everyday business transactions and tasks, including customer orders and deliveries, can all be carried out and monitored online – enabling ease of communication and processes that are smooth-running, modernised and naturally more organised. The system will also provide us with real-time snapshots of our progress, allowing management to make better, faster and more informed decisions.

Taking full advantage of the large infrastructure we have developed across Africa, we are expanding our aviation presence and making selective investments to strengthen our retail network in the region.

12
AIRPORTS ADDED DURING THE YEAR, MAINLY IN MOZAMBIQUE AND SOUTH AFRICA

1.6m m^3
TOTAL STORAGE CAPACITY ACROSS AFRICA

AFRICA

Overall performance in 2018

Our performance across the region has been negatively impacted by the combined effect of the economic slowdown in the region, devaluations of local currencies against the US Dollar and volatile oil prices. While sales volumes are still increasing, unit margins are deteriorating. The impact on unit margins is particularly strong in Angola, where the local currency devalued by 46% against the US Dollar in one year, while regulated prices have not been adjusted to reflect the new reality.

Nonetheless, we remain committed to further exploiting the great potential of the region. As a major provider of reliable and high-quality fuel, and with a strong logistical footprint, we play an increasingly important role in Africa's growth. We now operate in 20 countries in Africa and have 858 retail sites. We also started to service 12 more airports during 2018, demonstrating once again the Group's ability to capitalise on the rising demand for aviation fuel.

Expanding our retail footprint

In 2018, Puma Energy acquired small retail networks in Ivory Coast and Lesotho, from Petroci and Total respectively. This added a further 43 retail sites and contributed to making Puma Energy one of the leading oil marketing companies in both countries. Along with these acquisitions, we developed our retail network organically in Mozambique and Tanzania.

As our rebranding process is ongoing in Mozambique, the local team has installed Puma Energy flags at our retail sites in Maputo. This simple but effective eye-catching addition has helped to increase the visibility of our retail sites, allowing people to spot them from a distance, and has contributed to an improvement in our brand recognition.

Improving the customer experience

We are dedicated to providing what customers need and improving their experience at our retail sites. In Tanzania, we have recently introduced a new payment system, in partnership with MasterCard and Selcom, known as Masterpass QR. This new system allows cashless payments, as customers are able to make quick, easy and secure payments with their mobile money wallet or banking apps. This technology is now available at some of our service stations in the Dar es Salaam area, and will soon be deployed in other regions across the country.

WHERE WE OPERATE

- Angola
- Benin
- Botswana
- Burundi
- Democratic Republic of Congo
- Ghana
- Ivory Coast
- Lesotho
- Malawi
- Mozambique
- Namibia
- Nigeria
- Republic of Congo
- Senegal
- South Africa
- Swaziland
- Tanzania
- Togo
- Zambia
- Zimbabwe


Get a Puma card...

CASE STUDY

PUMA AVIATION ENTERS MOZAMBIQUE AVIATION FUEL MARKET

1

Refer to page 10 for all the strategic priorities

We are providing the security of supply and service that is vital to the continued growth of aviation in Mozambique.

Working in close partnership with local company Petromoc, our entry into the Mozambique aviation fuel market in 2018 marks the next stage of our expansion in the region. We are now marketing and supplying aviation fuel at seven airports in the country: Maputo, Beira, Nampula, Nacala, Tete, Inhambane and Pemba.

Ideal aviation partner

With the opening of its domestic market to foreign airlines last year, Mozambique's aviation market continues to grow, including low-cost airline Fastjet launching its first domestic service in the country. The security of supply and service enhancement we offer is vital to this growth, while our import storage capacity and technical capabilities make us an ideal partner in the market.

Investing in Mozambique

We first moved into Mozambique in 2009, with the opening of the Petrobeira terminal, and Puma Energy has continued to invest in Midstream operations in the country since then. This includes the opening of a 115k m^3 fuel terminal in Matola, which not only enables our new aviation fuelling operations in Mozambique but also acts as a strategic storage hub to supply the surrounding countries of Southern Africa.

A growing aviation business

During the spring of this year, Puma Energy entered the aviation business in Mozambique, along with a local partner, Petromoc. The joint operations are supplying Jet A1 fuel to a large portfolio of customers at seven local airports, enjoying a strong market share of around 55%. Petromoc runs the operations, while Puma Energy is taking care of the commercial side of the business.

Following our 2017 entry in the aviation market in South Africa at O.R. Tambo International Airport in Johannesburg, we further expanded our presence in the country and are now serving seven airports. Puma Energy has won the exclusive right to market jet and aviation fuel at Nelspruit Airport. This is a fast-growing international airport driven by business activity in the Mpumalanga region and it is also the tourist gateway to the Kruger National Park.

In Senegal, we operate at both Dakar airports, Léopold Sédar Senghor International Airport and Blaise Diagne International Airport. This makes Puma Energy a well-recognised aviation fuel supplier in Senegal, known for its focus on providing a reliable supply of quality fuels, safe operations and technical services.

Headwinds in Angola

Angola, one of our most important markets, is facing an economic slow-down, and the Angolan Kwanza has devalued by 46% against the US Dollar since the end of 2017. The local regulated market price has not yet been adjusted to account for changes in the oil price and local currency devaluations, which in turn is negatively impacting Puma Energy's unit margins. For Downstream unit margins to improve in 2019 in Angola, the local price structure must be adjusted.

In Angola, our Pumangol business offers 24-hour retail sites and convenience stores, operating under the Super7 Express brand. We sell around 1,760 different items across our network of 78 Angolan retail sites, providing the local products our customers want, from basic foodstuffs to little luxuries, in addition to providing them with a reliable supply of fuel products.

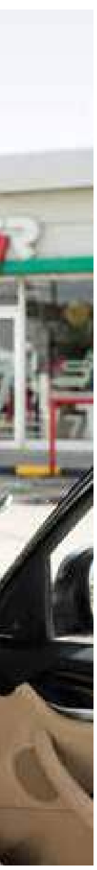
51
AIRPORTS SERVED

501
CONVENIENCE STORES AT OUR RETAIL SITES IN AFRICA

41
RETAIL SITES ADDED DURING 2018 IN AFRICA

> *We further strengthened our aviation presence in Africa, with the opening of 12 new airports, mainly in Mozambique and South Africa. Together with our local partner, we now enjoy a leading market position in Mozambique.*

***Seamus Kilgallon**, Global Head of Aviation*



Optimising our infrastructure base

After a period of large investments in storage capacity in the region, Puma Energy has now entered a limited investment phase, capitalising on its existing asset base to reliably supply fuel products to the continent.

Our Tema terminal in Ghana has gone through several efficiency improvements, followed by a rigorous audit process that led to the achievement of Operational Excellence Level 4. This strict and specific audit process is usually conducted for depots more than a year old and works with a 1 to 5 rating scale. While Tema depot was younger, so less established and experienced, it obtained near-perfect scores. This achievement underlines Puma Energy's commitment to meet and go beyond industry requirements and national HSEC standards.

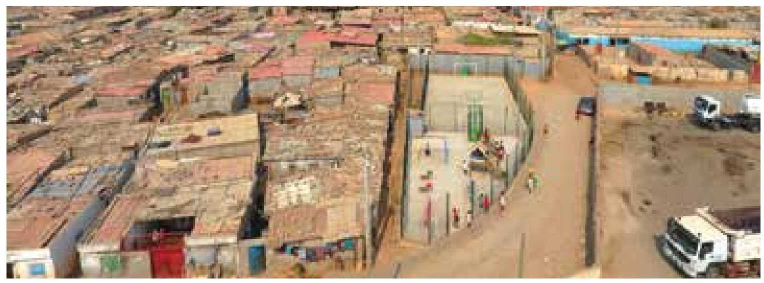
Focus on fuel quality and safety

Puma Energy is always working towards cleaner fuel, safer and healthier working environments and service that goes beyond delivering the product, by considering the customer and the wider community in which we operate.

The Company's track record of quality, safety and environmental standards, combined with investments in efficient and reliable infrastructure, is solid and strong. We meet all national quality specifications in the markets where we operate, but we also support efforts by national governments to improve fuel quality.

During 2018, we gained another ISO certification in Senegal. ■

Luanda Bay, before (above) and after (below)



CASE STUDY

WASTE MANAGEMENT IN LUANDA, ANGOLA

5

Refer to page 10 for all the strategic priorities

Puma Energy is tackling the acute waste management problem at Luanda Bay.

Poor sanitation conditions and problems with the management and collection of waste in the Luanda Bay area have affected more than 3,640 local families. We are contributing to the environmental preservation and sustainable and equitable socioeconomic development of the area and community through the implementation of zero waste strategies.

Working with the community

Our efforts to help began with Pumangol people donating their own time and helping people from the Luanda Bay community to remove the garbage that infests the areas where local people live. This led to many initiatives that we have also supported, such as the clearing of around 400 metres of drains and the removal of more than 800 tonnes of waste over the past three years.

We have tackled the problem in close collaboration with local leaders, the district administration, the health department and the community itself. Step by step, we are working towards helping the communities living in Luanda Bay to enjoy a better quality of life.

Lasting change through education

What continues to be a priority is the education of the community. Teaching people about the importance of waste management and guiding them to the newly appointed and serviced waste dumping collection sites is essential if any improvements are to be long-lasting and ongoing.

We appointed a dedicated project coordinator who was responsible for ensuring that 20 community volunteers received the right training on waste management and were able to engage with local people. These volunteers now lead clean-up campaigns and conduct one-to-one training locally, as well as mass training events at schools, churches and local markets. This has resulted in around 7,000 children being educated, imparting vital knowledge to the next generation. We also organise lectures on health, waste practices and road safety, and are discussing the potential economic and environmental benefits of recycling with local families.

We continue to expand our operations, most recently in Myanmar and Pakistan, across a range of activities, as the region offers good growth prospects.

MIDDLE EAST & ASIA-PACIFIC

Overall performance in 2018

Sales volumes increased in Asia Pacific, mainly in Australia and Pakistan, following the integration of the business acquired in late 2017. Given a difficult market environment in Australia, gross profit and EBITDA have been impacted by low unit margins for both the retail and B2B segments.

Across the region, we have 914 retail sites and serve 22 airports, located in PNG and Myanmar. During 2018, we sold our stake in the Langsat terminal in Malaysia and opened a small terminal at Chu Lai, in Vietnam. Our well-established asset base is ready to capture the rising consumption and economic growth in Asia-Pacific, as the region further develops its transport and business infrastructures.

Developing our retail operations

With 360 retail sites, 222 shops, 81 restaurants/cafes and 60 truck stops, Australia represents our second-largest retail market in terms of scale. Through our network of fully rebranded and refurbished sites, we offer our customers a wide range of high-quality fuel choices, from engine-friendly products to biofuels, as well as hot and cold food.

Despite our well-recognised position in the market, we are always trying to better fulfil our customers' needs through multiple initiatives, like the Timeless Service Initiative implemented in July by our marketing team. The Timeless Service Crew was allocated for the entire month to several retail sites in selected regions of Australia, where they offered an old-fashioned service, pumping fuel and cleaning windscreens for customers, while wearing their distinctive uniforms.

Refurbishing Yangon International Airport's fuelling depot

The transformation of Myanmar's airports began at Yangon International Airport, where aviation operating and quality control systems have been installed, along with the required equipment performance test records. Task and HSEC training programmes were run and the facility was brought up to satisfactory Puma Energy Global Aviation, JIG and IATA standards.

We have constructed a new hydrant pump station at the fuelling depot, as well as new tanker loading and unloading gantries, while upgraded health, safety and security equipment has been installed throughout the depot. This includes 24/7 CCTV monitoring of the entire facility, a new security guard house and static guard monitoring.

Where we operate

- Australia
- Indonesia
- Malaysia
- Myanmar
- New Zealand
- Pakistan
- Papua New Guinea
- Singapore
- United Arab Emirates
- Vietnam


A6-EPG
NEP-005

Integration of the Pakistan business

Following the acquisition of a 51% interest in Admore from Chishti Group in late 2017, we have integrated their Pakistan operations, consisting of 470 retail sites and two small terminals, into the wider Puma Energy Group.

The rebranding process started in early 2018, and is still ongoing. The first retail site to be fully rebranded and equipped was in Karachi, Pakistan's most populous city and the country's industrial and financial centre. In May, we inaugurated three more retail sites, whose openings were celebrated over the course of a dedicated week that was aimed at reinforcing Puma Energy brand awareness across the country.

The Puma Energy Pakistan team also received its first imported bulk bitumen for delivery to customers constructing new highways throughout the country, and entered into a deal with a local supplier providing Puma Energy-branded vehicles that can carry up to 48k litres of fuel.

Sale of Langsat terminal in Malaysia

In the first half of 2018, Puma Energy agreed to sell its 20% minority stake in the terminal located in Tanjung Langsat, Malaysia, to the local partner and majority shareholder.

The terminal, with a total capacity of 647k m^3, and the capabilities to blend and store a large range of products, spanning from fuel oil to biodiesel, was considered as a non-strategic asset for Puma Energy. Puma Energy continues to operate its own bitumen terminal located in the same strategic area.

Strategic alliance in PNG

Puma Energy announced Dunlop PNG as one its distribution partners for Puma Lubricants this year. The launch was made public by hosting a series of customer events nationwide. The first official launch and a specialist training session were staged in Alotau, Milne Bay province, followed by events at three more key locations. Fantastic deals were offered to invited guests and to selected customers, who were presented with a striking display of our Retail Lubricants.

Dunlop is a premier distributor of our Puma Lubricants in PNG.

Upgrade of Alotau terminal in PNG

Puma Energy recently refurbished the terminal located in Alotau, in the southern part of the PNG mainland. The project, including the construction of a 850 m^3 diesel and 750 m^3 gasoline tank, new sea wall protection, new gantry, an upgrade of the existing firefighting system and ancillary facilities, started in October 2017 and was completed in December 2018. Due to Alotau's isolation, the existing terminal had to maintain operation while the new one was being built around it. In this tough working environment, the team achieved some great results with no LTIs, no spills and no recordable incidents.

Transport and logistic division

We transport close to 1.7 million m^3 of fuel every year to customers throughout Australia. We do this through DirectHaul, our industry-leading transport and logistics division, providing cartage to key industries in the country, including transportation, mining, pastoral, retail and aviation. Our DirectHaul drivers travel long distances and our fully equipped truck stops offer them a much-needed chance to shower, rest, eat and refuel.

DirectHaul's modern fleet is supported by a vast network of depots and workshops, and we operate in accordance with industry-leading safety standards, including a well-developed system of audits, training and fatigue management programmes. This ensures that we meet the stringent carrier audit requirements for the largest oil companies in Australia.

High-performing diesel products

Puma Energy is dedicated to providing high-quality and low-consumption fuels and our Pumamax Next Gen Diesel has been shown to reduce fuel consumption by an average of 7% when compared to similar products.

The evidence proved that, as well as boosting engine performance, Pumamax Next Gen Diesel also lowers maintenance costs and emissions, providing a great financial advantage for any transport company travelling thousands of kilometres every day.

Puma Card success

Puma Card was introduced in 2014 in Australia and in just four years we have succeeded in making it one of the best B2B fuel solutions across the country. In 2018, we processed more than 1.7 million Puma Card transactions, distributed among 10,000 Puma Card customers. It is currently one the most widely accepted retail-branded fuel cards in Australia.

This success has been due to the development of Puma Energy diesel facilities within key transport and industrial hubs, the establishment of a sales and lead generation outbound call team and a focused direct sales team engaging with medium-to-large transport companies. ■

11
AIRPORTS SERVICED IN MYANMAR

1.7m m^3
OF FUEL TRANSPORTED EVERY YEAR IN AUSTRALIA

532k m^3
OF STORAGE CAPACITY IN PAPUA NEW GUINEA

"Our terminal and construction teams worked hand-in-hand to refurbish the Alotau terminal, while maintaining operations in this isolated area. The project was completed in a short timeframe and without any recordable incidents nor spills."

***Jim Collings,** General Manager PNG*

CASE STUDY

REDUCING DIESEL CONSUMPTION FOR HAULAGE FLEETS

5

Refer to page 10 for all the strategic priorities

Thanks to our hydrocarbon technology, Pumamax Next Gen Diesel is more efficient and better for the environment.

New research has found that Puma Energy's Pumamax Next Gen Diesel leads the industry in efficiency, and field tests demonstrate the environmental benefits, with an average of 7% less fuel used when compared to other brands.

Comprehensive test of Pumamax Next Gen Diesel
Over 12 months, we compared the fuel consumption of nine trucks at Lindsay Transport's Coffs Harbour Depot in New South Wales, Australia. The trucks were chosen as they were representative of local fleet and travel routes and included high-quality branded vehicles from Mack, Kenworth and Volvo. The control group used a competitor's premium diesel product during the period, while the test group used Pumamax Next Gen Diesel.

All the trucks were fitted with back-to-base reporting systems to measure fuel consumption. The Engine Management System (EMS) recorded start and finish times and the horsepower generated per litre of fuel consumed, while the Fuel Management System (FMS) was used to independently verify the results.

The verdict
The test showed that using Pumamax Next Gen Diesel can reduce fuel consumption and lower emissions, with the potential for haulage operators to significantly reduce their impact on air quality. With fleets travelling thousands of kilometres every day, less fuel used per kilometre really adds up. As well as boosting engine performance, the fuel has been designed to lower maintenance costs and emissions, adding value both for our commercial customers and the environment.

Puma Energy's round-the-clock service, high standards and customer-centric approach are just as relevant to our success in the mature markets across Europe.

EUROPE

2.8m m^3
TOTAL STORAGE CAPACITY ACROSS EUROPE

1
AIRPORT IN RUSSIA

Overall performance in 2018

During 2018, we managed to sell record volumes through our UK operations, and restarted operations in Norway, while throughput volumes at our other Baltic terminals decreased.

Backed by our established infrastructure

Our operations in Europe are supported by our major storage capacity, including both Milford Haven in the UK, and two storage and blending terminals in Estonia, located in the ports of Paldiski and Sillamäe, primarily serving Russian exports. The facilities in Estonia handle light oils, petrochemicals, LPG, petroleum and aviation fuel, with a combined storage capacity of 895k m^3. We also have the facility to manufacture Avgas at Paldiski.

Our Alibesa terminal, located in the port of Cadiz, is the largest private bitumen terminal in Europe. With its capacity to store and drum any grade of bitumen, and state-of-the-art unloading facilities, the terminal is ideally positioned to serve as an international hub.

Focus on UK infrastructure

We are constantly investing and upgrading our existing asset base, to ensure compliance with the international standards, and improve or expand our service offering.

Our 1.4 million m^3 facility at Milford Haven in the UK obtained a 100% In Compliance (ICs) marks in the annual inspection carried out by the UK Government's Department for Transport. Our UK Head of Security, Simon Nicholas, stated that: "While I did not expect any 'non compliances' or 'deficiency notices', it is quite unusual to get 100% ICs marks, as the inspectors usually like to make a few comments or recommendations which are then recorded as ICIs (In Compliance but improvement required). But on this occasion there was not one comment or criticism they could make about any of our practices."

Energising the World Cup

Puma Energy owns and operates Yuzhny, an aircraft fuel supply terminal servicing Rostov-On-Don Platov International Airport. The facility has a total storage capacity of 9k m^3, and uses four brand new refuellers equipped with lifting platforms, which allow them to fuel any types of aircraft, at a remarkable speed. The terminal is also equipped with a modern fuel quality laboratory.

Platov International Airport can accommodate up to five million passengers per year. During the 2018 World Cup in Russia, a total of 441 aircraft were refuelled by our jet fuelling facility, as five matches were hosted in Rostov-On-Don.

Growth in aviation fuel

In Paldiski, Estonia, we operate an aviation fuel production facility in the Alexela Terminal, from where Puma Energy already supplies clients on a daily basis.

As demand for Avgas is increasing, Puma Aviation Europe also plans the construction of further aviation fuel facilities similar to Yuzhny in the region. ■

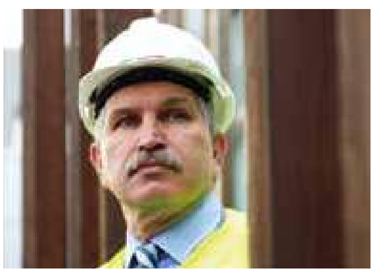
WHERE WE OPERATE

- Estonia
- Norway
- Russia
- Spain
- Sweden
- Switzerland
- United Kingdom


PUMA

Our approach to sustainability has always been commercially driven – any investment must result in a triple win: energising business and society while protecting the environment. This is becoming a key differentiator in how we supply, store and distribute fuels reliably and cost-effectively.

SUSTAINABILITY REVIEW



World-class health, safety and environmental standards are an essential part of our business, without them we cannot operate and we cannot grow.

Antonio Mawad,
Global Head of Midstream Operations and Health, Safety and Environment

Standing up for what matters

At Puma Energy, sustainability is about working together with communities to understand and tackle global challenges. It is about delivering an uninterrupted supply of quality fuel and essentials; and storing fuel safely for future need, all the while standing up for what matters most to people and their environment. Our success lies in how we combine a unique understanding of local needs, with exceptional global standards and strong governance.

Shared sustainability ethos

Years of investment in the safety and health of our people, as well as environmental protection, are paying off and continue to position Puma Energy as a key player in the global energy landscape. In 2018, we further consolidated and embedded a shared sustainability ethos across all of our diverse businesses and geographies.

Our corporate social investment policy and strategy demonstrates this approach and allows us to make more strategic investments in priority issues such as road safety awareness, environment and conservation, education, licence-to-trade initiatives and emergency first response.

Prioritising the key issues

Knowing what our stakeholders care about, and truly understanding what matters most to them, drives our approach to sustainability. Continuous dialogue enables us to prioritise the following key issues and to take a stand for them.

- Site and retail safety and security
- Cleaner, safer, more efficient fuel
- Security of supply
- Ethical approach
- Road safety
- Customer satisfaction
- Spills and contamination
- Talent, learning and development
- Infrastructure investment
- Raising standards

2018 Highlights

1
EMPLOYEE FATALITY

9,152
STUDENTS TRAINED ON ROAD SAFETY IN DAR ES SALAAM, TANZANIA

LAUNCHED
PUMA ENERGY COMMERCIAL ACADEMY IN SOUTH AFRICA, AUSTRALIA AND GUATEMALA

US$1.8m
INVESTED DIRECTLY IN COMMUNITIES


PUMA

Above: *YWAM Medical Ship, Papua New Guinea*
Right: *Puma Energy Commercial Academy*

> ***Our new Commercial Academy provides a foundation for our employees to expand their professional development, focus on what they do best and deliver great performance.***
>
> *Emma FitzGerald, Chief Executive*

Health, safety and the environment

World-class Health, Safety, Environment and Community (HSEC) standards are an essential part of our business – without them we cannot operate and we cannot grow. Every employee is bound by our HSEC policies and we expect our business partners, suppliers and contractors to implement them along the value chain. Our safety record in 2018 remained generally consistent with the previous year, with the frequency of injuries incurred going down.

During the year we recorded one fatal incident, which came as a result of a road traffic accident. We deeply regret the incident and the Group continues to work proactively in many countries with road safety organisations and on local road safety campaigns. Overall, we did see a decrease in the lost-time injury frequency rate (LTIFR), from 1.9 to 1.6. While road safety remains our key focus issue, we also continued to invest in retail site lighting, security cameras and third-party security personnel in high crime neighbourhoods.

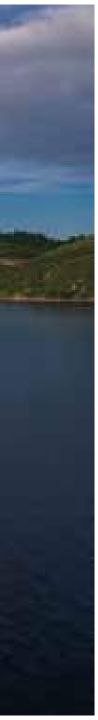
Operating in some of the world's most remote and environmentally sensitive regions, we understand the value of limited natural resources, so we are always looking for ways to do more with less through technological innovation. In 2018, we continued to innovate and work with partners on innovations such as using seawater in our cooling and fire drill processes, as well as capturing volatile hydrocarbons that escape from ships, trucks and trains through Vapour Recovery Units. Our carbon emissions rose slightly in 2018 as the business continued to grow. To reduce our carbon footprint, we deploy a number of strategies such as locating storage tanks close to where fuel is needed and moving bitumen by barge instead of truck. For retail customers, fuels such as our Pumamax Diesel and Pumamax Premium Unleaded offer superior economy, emit low levels of exhaust hydrocarbons and carbon monoxide and help maintain excellent operational performance.

As well as supplying higher grade petroleum products around the world, we are also growing our alternative fuel offer, including biofuel, biodiesel blends and liquefied petroleum gas (LPG). In Papua New Guinea, female entrepreneurs have become Puma LPG resellers, adding another income stream to their businesses.

Economic development

We are the gateway to some of the world's fastest-growing markets, unlocking potential wherever we go. Building and maintaining strategic terminals and storage infrastructure is one of our five business priorities. We have built our reputation on high standards of customer service, delivering high-quality fuels swiftly, reliably and at a fair price. Our fuel supply, storage and distribution helps to grow businesses and provides direct jobs for local people and enterprise opportunities for many more.

Our global network of storage terminals energised traders, wholesalers and major oil companies in 2018. Furthermore, by assisting governments and highway agencies in sourcing and supplying the bitumen they need for major construction works, we are helping to deliver safer, smoother journeys for customers. Widening access to high-quality, reliable, efficient fuel has meant expanding our retail network and serving 13 more airports during the year.



US$50,000

DONATION TO FUND A RESCUE UNIT AND AMBULANCE IN GUATEMALA

Our people

We not only get the best talent, we get the best local talent. This is what makes us agile, efficient and connected. We employ 8,278 people from over 80 countries, supporting them with rigorous standards for fair, decent work, welfare and professional development. Our people are fully supported by our consistent and fair employment process, delivered across all markets in which we operate.

Since our sector is facing an acute skills shortage, our US$2.6 million investment in training and development, supported by community social mobility efforts, is a strategic one.

MEMBER

OF THE JOINT INSPECTION GROUP

ASSOCIATE

MEMBER OF THE ENERGY INSTITUTE

Communities

Operating in very different communities, often in extreme locations, we depend on deep local understanding and close partnerships. Over the years, we have proven that we invest for the long term. As well as investing in public infrastructure and access to quality fuels, we identify ways in which we can leave a positive legacy for many years to come.

Our communities represent our future pipeline of talent. Therefore, any investment is a strategic one. This is why we focus our funding on education and training, as well as road safety. We also support environmental protection programmes, emergency response and causes that support our licence to trade. To help us prioritise the long-term investments we make in local communities around the world, we have created a unified community investment vision, to coordinate spend and to identify projects with the greatest reach and deepest impact. Our global Corporate Social Investment Policy guides how we contribute to society and community, beyond regular business activities – whether such investment is monetary or in the form of other corporate resources or time. It is based on five pillars:

- Road safety awareness
- Environment and conservation
- Education
- Licence-to-trade initiatives
- Emergency first response

Projects that do not fit the global pillars can still be considered, for example, local businesses may identify some different local priorities. Where a local business priority is not a good fit with the pillars these will be subject to a greater level of scrutiny.

The Puma Energy Foundation

Independent of the business, the Puma Energy Foundation's new strategy addresses two key themes that underpin Puma Energy's core business – trading and logistics – and translate them into philanthropic action, with trade-related programmes that support social enterprises and boost sustainable employment and projects mitigating the social and environmental issues caused by transportation or infrastructure.

The Foundation supports staff engagement by offering a grant to a programme elected by a local office (the Charity of the Year) and by doubling the amount of funds raised by employees for a specific cause or organisation (matching funds scheme).

CASE STUDY

RESPONDING TO THE VOLCÁN DE FUEGO ERUPTION IN GUATEMALA

5

Refer to page 10 for all the strategic priorities

The eruption in June 2018 was Guatemala's most severe volcanic eruption in 45 years.

Volcán de Fuego (Spanish for 'Volcano of Fire') is one of the most active volcanoes in the world, located just 44 kilometres from Guatemala City. This year's catastrophic eruption forced the evacuation of more than 3,000 people from nearby areas and the fall of ash affected around 1.7 million people in a wider geographic area.

Supporting emergency services

Tragically, more than 100 people lost their lives, with fast-moving clouds of hot gas and rock fragments causing many of the casualties, devastating homes and infrastructure, and resulting in severe crop damage. Puma Energy made vital fuel donations worth US$7,000 to the National Coordination for Disaster Reduction, as well as other institutes such as the Red Cross, to assist the tremendous efforts made by emergency service organisations responding to this natural disaster.

Equipping volunteer fire fighters

Further eruptions and volcanic flows occurred during the days that followed the initial eruption and outside of the immediate area around Volcán de Fuego, villages to the south in the Escuintla, Chimaltengo and Sacatepequez areas were most affected. In recognition of the contribution made to disaster recovery by the local department of volunteer fire fighters, Puma Energy has also made a US$50,000 donation to fund a rescue unit and ambulance that will assist them in their future work.

CASE STUDY

OUR COMMERCIAL ACADEMY LAUNCHES IN SOUTH AFRICA, AUSTRALIA AND GUATEMALA

1

Refer to page 10 for all the strategic priorities

The new Academy is designed to inform, educate and inspire on a global scale

After months of hard work, research, discussion and debate, we launched the Puma Energy Commercial Academy in 2018. Aimed at improving core commercial skills, processes and tools, it is a major investment that will benefit our front-line, customer-facing teams in Retail and B2B.

Successful pilot phase
The Commercial Academy will enable our employees to expand their professional development, so that they can focus on what they do best: deliver great performance across all our markets. We have developed programmes that integrate industry best practices with Puma Energy's well-established commercial processes and tools, giving our teams what they need to win in all sectors.

Three markets were selected as pilots for the Commercial Academy – South Africa, Australia and Guatemala. Representing our Africa, Middle East & Asia-Pacific and Americas regions, these markets reflect the spread of Puma Energy businesses and the diversity to help us get the future roll out right for the rest of our businesses.

Achieving service excellence in Retail and B2B
Targeted workshops are backed up by pre-training, inter-modular and post training activities to help our people meet their business objectives. The Academy aids them in achieving service excellence, communicating more effectively with customers, understanding the difference between the sale and the negotiation, and acquiring the necessary skills and techniques to satisfy customer needs.

Of the programmes developed so far, some focus on Retail, such as 'License to Operate' and 'Retail Fundamentals'; while others are on B2B, such as 'Consultative Selling and Negotiation' and 'Account Management and Prospecting'. One programme covers Performance Coaching for Line Managers.

First-class training provider
When we set out to create an initiative that would provide a foundation for future skills development, we knew we would need a first-class training provider. Kantar Consulting worked with our team of subject matter experts to build the Commercial Academy, developing the ideal training programmes to equip Puma Energy Retail and B2B professionals with the expertise and knowledge they require to make us stand out across our Customer and Client-facing businesses.

Kantar Consulting is a global organisation based in London. They have a strong track record in helping their clients grow their revenues and profitability by defining and implementing their Commercial Strategy and training their clients' teams to build the required skills and capabilities.

Be Puma Safe 2018 combines our annual Site Safety and Road Safety campaigns.

Puma Energy is committed to raising awareness about road and site safety – all around the world. Our aim is to influence and change behaviour within the organisation and beyond it. For several years, we have launched Site Safety campaigns highlighting the issues and potential hazards for anyone who works at or visits our facilities, and 2018 also marked our sixth Road Safety campaign that extends to all employees, their families and the wider community.

The difference this year is that we have brought together these important campaigns under one brand – Be Puma Safe. The key message of this year's campaign is that every one of us needs to be thinking about safety issues and acting upon them every day. The campaign has been launched through events at our operations worldwide, introducing new campaign materials and a series of simple icons designed to educate and increase awareness of safety issues.

Addressing road safety in Mozambique

This year's Road Safety Campaign in Mozambique was launched in late September at our terminals, with all our operators, drivers and contractors participating in events highlighting the dangers they can face. During the campaign, we will have regular toolbox meetings where the teams will be able to share experiences and good practices to assist each other. The team has also organised a 'Mini me at work' day, where employees are invited to bring their children to work so that they can learn about safety issues and be part of the activities.

As part of Puma Energy Mozambique's commitment to addressing local road safety issues, a roundtable meeting was also held at the Ministry of Transport. A total of 47 key influencers and decision makers attended, including people from government, the private sector, development partners, local community members and the media.

Working with Amend in Tanzania

In Tanzania, children are particularly vulnerable on the roads to and from school. We began working on a programme with road safety NGO Amend in 2013 that has now educated, supported and entertained more than 68,000 children at 63 schools in five regions of Tanzania. Awareness is key, and Puma Energy Tanzania continued to prioritise this issue in 2018.

In September, we held the final judging of the 2018 Road Safety Drawing Competition for primary schools in Dar Es Salaam. This was a highlight of the activities conducted in conjunction with Amend involving children from 16 schools in the area. This year we have trained 9,152 students in the region and we have become the first oil company in Tanzania to work with children with disabilities.

Ghana – Be Puma Safe launch

In September, we launched the 2018 Be Puma Safe Campaign across our various staff locations in Ghana – from Accra, to Tema, to Takoradi. Our people face safety hazards every day, with road accidents increasing and the real danger of oil and gas explosions. We incorporate safety into our daily activities, both at work and in our interactions with family and the wider community.

We want all our people to embrace and live the Puma Energy safety requirements, not only during our annual safety campaigns, but more importantly beyond the life of the campaign. This year's campaign included the Puma Kids Stay Safe Day, which allowed our employees' children to come to work and learn more about safety, and another drawing competition – originally for the kids only, but now opened up to families. We also filmed the children answering various safety questions, based on what they learned from us about safety. ■

CASE STUDY

SUPPORTING HEALTHCARE IN PAPUA NEW GUINEA

5

Refer to page 10 for all the strategic priorities

We are energising local NGOs that provide coordinated health services to people living in rural areas and disadvantaged urban areas of the country.

There is a lack of basic health care in rural areas of Papua New Guinea, where more than 85% of the country's people live. Many healthcare Non-Government Organisations (NGOs) run programmes with the aims of reducing diseases like Malaria and TB, providing Polio vaccines and improving poor health conditions, but the resources available to fully implement these programmes are often inadequate.

Fuel supply sponsorship agreements

As the largest fuel distributor in the country and one of the biggest employers, and with almost all Puma Energy PNG's employees coming from rural areas, we are keen to partner with reputable healthcare NGOs with a track record of tangible service delivery.

We have identified two organisations, with whom we have made formal fuel supply sponsorship agreements: YWAM Medical Services, an internationally known Mobile Health Service provider through their fleet of Medical Ships; and Susu Mamas, a land-based NGO that focuses on mother and child health in seven provinces of PNG. While YWAM provides health services to the coastal rural parts of the country, Susu Mamas provides services to the rural population in PNG's highlands.

YWAM Medical Services

The contribution from both NGOs is significant. YWAM Medical Ships implements its programme, in association with key stakeholders and partners, via use of a Training and Medical Ship and land-based teams deployed in rural PNG communities. In the 12 months to August 2018, YWAM Medical Ships treated more than 49,000 patients in 385 remote villages.

In this period, YWAM administered around 32,000 immunisations, screened more than 840 patients for tuberculosis, performed almost 10,000 dental procedures, dispensed around 14,900 pairs of glasses and performed more than 240 sight-restoring eye surgeries. These included services provided to four villages close to our refinery in PNG, where in just four days, a total of 770 patients were seen in Primary Health Care, Dentistry and Optometry.

Susu Mamas – mother and child health

Susu Mamas has provided invaluable family health care in the remote communities and disadvantaged urban areas of PNG for 30 years. In the 12 months to the end of August 2018, some 87,300 patients were seen by their medical staff, of whom 58% were children under five years old.

On average every quarter, Susu Mamas immunises 17,000 children under five years, vaccinates and treats 3,000 pregnant mothers, delivers 3,000 family planning consultations and treats 1,780 cases of Sexually Transmitted Infection. In the same period, the NGO also diagnoses and treats 2,100 people with malaria, 3,000 people with pneumonia and 1,700 people with diarrhoea.

RISK MANAGEMENT

We have continued to embed our risk governance structure in 2018, aiming to provide clear business ownership of the diverse range of political, economic, social and environmental risks we face across the Group. This is helping us to mitigate these risks, and manage them consistently wherever we do business.

Our risk management processes support Puma Energy's business goals and objectives and are directly linked to our performance. The Risk Management Framework itself is a set of principles organised into five interrelated components:

RISK MANAGEMENT FRAMEWORK

GOVERNANCE AND CULTURE

Governance sets the Group's tone, reinforcing the importance of, and establishing oversight responsibilities for, our risk management. Culture describes our ethical values, desired behaviours and the understanding of risk in our business entities.

STRATEGY AND OBJECTIVE-SETTING

We combine enterprise risk management, strategy and objective-setting during our strategic planning process. Our risk appetite is established and aligned with strategy; while we put our strategy into practice through our business objectives, which serve as a basis for identifying, assessing, and responding to risk.

PERFORMANCE

We need to identify and assess risks that may affect the achievement of our strategy and business objectives. Risks are prioritised by severity and we then select the appropriate risk responses. The results of this are reported to key risk stakeholders.

REVIEW AND REVISION

By reviewing the performance of our business entities, the Group can consider how well the risk management components are functioning over time, against a backdrop of what can be substantial changes, and assess what revisions are needed.

INFORMATION, COMMUNICATION AND REPORTING

Risk management requires a continual process of obtaining and sharing necessary information, from both internal and external sources. This information flows up, down and across the organisation.

Operating in many global markets, selling oil products and a wide range of other products and services, our approach to risk management and risk governance is vital to our ongoing success. And that approach continues to evolve to meet not only Puma Energy's business goals and objectives, but also those of our customers, investors and other key stakeholders.

Risk governance

Our risk governance structure has been consolidated this year to ensure we continue to provide clear business ownership and oversight for the Group, helping us make the right decisions at the right time. The Risk Champions at regional and country levels have been providing support to leaders in embedding the risk management programme in their organisations. The Champions have also acted as a point of contact for risk questions and advice, and coordinating, facilitating and periodically reviewing the risk management process.

Understanding our risks

During 2018, we ensured our principal risks were fully aligned and that they are helping us to prioritise our risks and opportunities in line with both our strategic priorities and the issues that matter to our stakeholders.

We have updated the definitions for and potential impacts of the 27 core risks implemented in 2017 and added two additional risks in 2018. These 29 core risks are the minimum we expect all our companies to address as part of their standard risk assessment.

We continue to gather risk information through our risk management system, which is a comprehensive risk management tool providing accurate insight into the Group's risk management activities. Detailed risk profiles are available within the system for all countries in which the Group operates.

We reduce risk directly wherever we can (fire prevention, personal protective equipment, etc.), while for risks that cannot be fully prevented, we have mitigation plans (currency hedging, business insurance, disaster recovery planning, etc.) in place. Our Risk Management Framework enables us to deploy our mitigation strategy, which supports the delivery of financial targets, enhancement of our reputation and safeguarding of our employees and assets, while protecting future financial security.

How we operate

Puma Energy strives to operate in line with international best practice, even where that exceeds local expectations. We apply the same strict health, safety and environmental standards across our operations around the world – from manufacturing right through to distribution and delivery.

We always conduct full due diligence via our subsidiaries to assess community risk when we enter new markets. From day one, we start building relationships and creating ongoing, constructive dialogue by providing job opportunities and investing in local infrastructure.

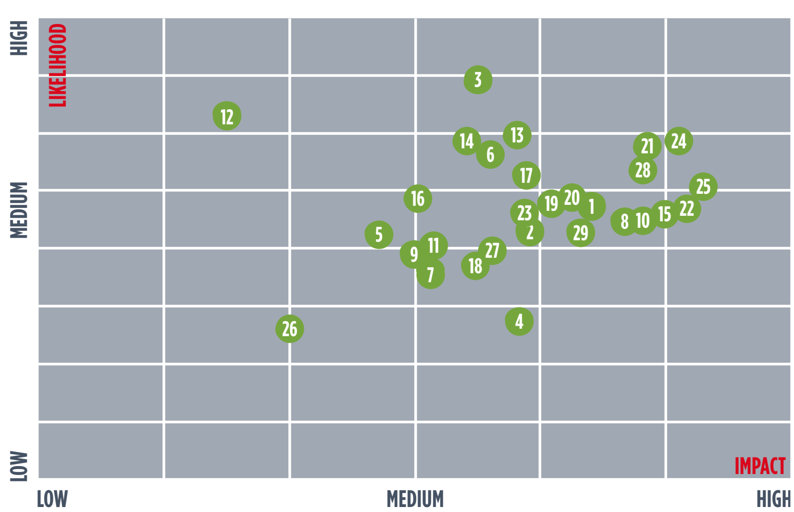
Our model of local autonomy and local recruitment makes it easier for our people to engage in constructive dialogue and to manage risks in the communities in which we operate. Having local people with knowledge of their market is invaluable, and this helps us build ties with local communities. Where the local market does not provide the skills and experience we need, we hire people from outside, but this only represents 2% of our total employees.

Employee policies and our Code of Business Conduct

We implement employee policies that ensure all individuals receive fair treatment while protecting their safety. These policies protect existing employees and contribute to the smooth integration of new people joining us following merger and acquisition deals or large investment programmes.

We launched a new Code of Conduct in 2017, to better support staff through our ethical decision-making model and strengthen our 'Speak Up' culture. The Code sets clear principles and values for our staff to follow and is also available in Spanish, Burmese, French, Portuguese, Estonian and Russian. Face-to-face events launching the Code were held at every single one of our businesses, so that all employees know the high standards the Company expects. In 2018 we tested how well the new Code of Conduct and 'Speak Up' was being adopted by employees, by carrying out an independent, anonymous, companywide survey. The survey was completed by 2,405 of our people and showed they had high awareness of the Code of Conduct (85% stated they very familiar or familiar with the contents of the Code), and that management were genuinely committed to act in accordance with the Code of Conduct (91% of employees Agreed or Strongly agreed). ■

PUMA ENERGY GROUP RISK CHART



Counterparty risks

1 Customer credit management
2 Non-oil procurement
3 Ethics and compliance
4 Customer service

Economic/financial risks

5 Insurance coverage
6 Liquidity
7 Supply of oil
8 Inventory level
9 Financial reporting

Human resources risks

10 Employee and talent management

Information technology risks

11 IT – Business as usual
12 IT – New projects

Operational risks

13 Environment
14 Natural condition and disasters
15 Health and safety
16 Oil storage and handling
17 Physical security

Political/country/reputational risks

18 Communities
19 Geopolitical and authorities
20 Standards and regulation
21 Legal
22 Tax

Pricing risks

23 Commodity prices
24 Currency exposure
25 Sales pricing

Strategic risks

26 Joint ventures, mergers and acquisitions
27 Construction projects management
28 Loss of major customers
29 Brand and communication

COUNTERPARTY RISKS

POTENTIAL IMPACT

1 ① ② ④ ⑤

CUSTOMER CREDIT MANAGEMENT

We have substantial distribution businesses, making us vulnerable to risks relating to the creditworthiness of our customers. We may be unable to collect receivables from customers due to inadequate market intelligence, guarantees and decision-making on customer credit.

Significant effects to cash flow that could ultimately result in bad debts, write-offs and lost revenue.

2 ③ ④ ⑤

NON-OIL PROCUREMENT

Improper identification of business needs, poor supplier selection and unauthorised commitments prevent the business from securing the facilities, equipment and services needed to conduct its activities.

Disruption of operations and/or increased costs. Inability to win or maintain customers if they cannot be served properly.

Sub-standard supplies could lead to compliance defects and quality issues.

3 ① ② ③ ④ ⑤

ETHICS AND COMPLIANCE

Failure to prevent activities contrary to our Code of Conduct, such as illicit acts of fraud, bribery, corruption or anti-competitive behaviour, which has financial and reputational impacts.

Potential impacts include fines and penalties, such as the loss of business licences and trading rights; prosecution and imprisonment; reputational damage; and the inability to solicit investors seeking ethical investment opportunities.

4 ① ② ⑤

CUSTOMER SERVICE, SALES ADMINISTRATION AND LOGISTICS

Inadequate tools and processes mean customer expectations are not fulfilled, or insufficient logistics planning causes supply delays and stock-outs at customers' sites.

Lost business, lower margins, inefficiencies caused by corrections and replacements, product returns and commercial disputes.

OUR STRATEGIC PRIORITIES

①	②	③	④	⑤
EXPAND OUR OFFER TO OUR CUSTOMERS	DEVELOP INTO NEW MARKETS	BUILD THE INFRASTRUCTURE TO SUPPORT OUR OFFER	INTEGRATE SUPPLY, STORAGE AND DISTRIBUTION	DEVELOP LOCAL STAKEHOLDER TRUST

See page 10 for more information

MITIGATING FACTORS

- We undertake a full risk analysis for all prospective customers (other than retail customers) and have training and internal procedures in place to limit our credit risk.
- We offer limited credit or delayed payment terms to many of our industrial, aviation and bunkering customers, and most of our retail and wholesale customers pay in cash.
- For industrial companies and international airlines, we establish credit limits, engage in 'know your customer' (KYC) processes, invest in advanced management systems and maximise geographic and customer diversification to minimise credit losses.
- We actively monitor credit risk, and minimise our exposure by targeting and achieving an average of 10 to 15 days of sales outstanding.
- We take credit insurance or use factoring systems whenever this makes sense in terms of costs/benefits.

- We always adopt a careful and considered approach in the selection and vetting of our business partners. We use our KYC process, an approach that helps us ascertain the legitimacy and compliance of all major prospective customers, suppliers and service providers. KYC also helps us ensure that new providers will be reliable and diligent over time.
- We work closely with our external contractors, ensuring that we provide excellent service and deliver to plan.
- We diversify our supplier base, and do not place reliance on a single source.

- Puma Energy has clear principles governing the way it conducts its business and expects all employees to act in accordance with its Code of Business Conduct.
- This requires a zero-tolerance approach to corruption and encourages employees, suppliers and other stakeholders to notify us if they believe the Code is at risk of being contravened.
- We have policies and awareness programmes in place to ensure consistent understanding of the Company's expectations.
- The Group's internal control environment is regularly reviewed by an internal audit team to provide assurance that controls are designed and operating effectively.
- Continuous auditing allows us to manage our operations proactively by providing management with real-time insights and alerts, highlighting any anomalies.
- We have proper segregation of duties throughout our business processes and a clear Delegation of Authority.

- We ensure optimised inventory management through monitoring of sales forecasts to effectively execute product purchases and transfers between terminals.
- Effective product sourcing management through monitoring of market trends, implementation of purchase strategies and controlling of the risk exposure.
- In-depth analysis to purchase at the right time and at the lowest possible cost.
- Continuous monitoring of market trends to define purchase strategies.
- Close interaction with Sales and Pricing to align with their strategies.
- Cost verification with data provided by Finance to ensure compliance and enable pricing team to perform margin analysis.

ECONOMIC/FINANCIAL RISKS

POTENTIAL IMPACT

5 1 2 3 4

INSURANCE COVERAGE

Inadequate Insurance cover due to:

1. Incomplete coverage (some eventualities are not insured); or
2. Inappropriate coverage (over/under insurance relative to replacement value of insured assets).

Either assets, people, debtors are not insured at all, resulting in financial, people and reputation loss; or assets are not declared on the insurance policy or replacement values are not correctly declared, so we do not receive the correct replacement value.

6 1 2 3 4

LIQUIDITY/FUNDING REQUIREMENTS

Unavailability of sufficient cash, in the right place and at the right time, to meet our financial commitments.

Cash flow problems can bring our business to a halt (short term – local inability to pay debt) and curtail future investment plans (medium/long term – failure to comply with liquidity commitments made to investors).

7 1 2 3 4

SUPPLY OF OIL

Inability to have the right supply of product at the right quantity, price, time and place to meet Retail, B2B and Wholesale customer demands.

Failure to have stock/supply of the product required to satisfy subsidiary's business requirements.

Improper management of subsidiary's pricing exposure.

8 1 4 5

INVENTORY LEVELS

Inadequate planning and stock-keeping practices lead to excess stock, shortages or scheduling issues.

Lost business owing to shortages, excess and obsolete inventories.

Reduced margins in case of price movements, excess third-party storage costs and demurrage.

9 1 2 3 4

FINANCIAL REPORTING

Inability to produce compliant and reliable financial figures, at local entity level as well as at Group level.

Loss of credibility with the financial community (including investors and the banking sector).

Costly audit procedures lead to restatements with potential tax implications.

Fines and penalties for failing to file timely and compliant Company accounts.

OUR STRATEGIC PRIORITIES

①	②	③	④	⑤
EXPAND OUR OFFER TO OUR CUSTOMERS	DEVELOP INTO NEW MARKETS	BUILD THE INFRASTRUCTURE TO SUPPORT OUR OFFER	INTEGRATE SUPPLY, STORAGE AND DISTRIBUTION	DEVELOP LOCAL STAKEHOLDER TRUST

See page 10 for more information

MITIGATING FACTORS

- We have extensive insurance in place, covering areas such as:
  – general liability;
  – property; and
  – business interruption.
- We manage insurance at a global level, unless restricted by in-country regulations, in which case we take out local insurance policies.
- We regularly review the detailed asset list covered by insurance and we update replacement values of our assets to reflect the latest changes in our asset base.

- We actively manage cash flows through accurate forecasting.
- We work with local banks to provide funding to cover working capital requirements and our investment plans and opportunities.
- We generate stable cash flows through our ongoing daily operations. We have the flexibility to decide whether to make any capital investments, as in the short term our ability to generate cash flows is not bound by significant capital expenditure requirements or high mandatory maintenance costs.
- We monitor the maturity dates of existing debt and aim to maintain a balance between continuity of funding and flexibility through the use of overdrafts and bank loans.
- Our liquidity risk is further mitigated as part of our borrowing activities are related to the financing of refined oil products – products which by their nature are readily convertible into cash.

- We have sufficient supply infrastructure and storage capacity in place to meet changing global needs.
- We also source products from a large range of suppliers, minimising the risk of supply chain failures.
- We operate small refineries in Papua New Guinea and Nicaragua that provide crucial sources of fuel to service our needs and those of local customers in these markets.

- We have clear procedures relating to physical stock takes, stock reconciliations and daily controls, covering all inventories.
- We have formal tendering and ordering processes, and distribution contracts where required.

- Puma Energy has a formal process in place to review and control our financial reporting.
- The internal control system for financial reporting operates to provide reasonable assurance against material misstatement.
- External and internal audits provide verification in the financial reporting and risk monitoring process.

HUMAN RESOURCES RISKS

10 1 2 3 4 5

EMPLOYEES AND TALENT MANAGEMENT

Our ability to recruit, train, develop and retain talented people is crucial to the continuing growth of the business.

POTENTIAL IMPACT

Increased costs caused by staff inefficiency and remedial contracting. Interruptions to operations and delay in new projects.

Key people may decide to leave the Company and even join our competitors.

Employee discontent can result in industrial disputes, strikes and sub-standard performance.

INFORMATION TECHNOLOGY RISKS

11 1 2 3 4

BUSINESS-AS-USUAL SOFTWARE, HARDWARE AND DATA

IT systems do not generate, store and provide up-to-date information/data or control processes and practices that expose Company data to manipulation, hacking or cyber threats.

POTENTIAL IMPACT

IT system control failures lead to the loss of records or to data manipulation. Unavailable IT tools hamper or block our commercial day-to-day operations.

12 1 2 3 4

NEW SYSTEMS PROJECTS

New IT tools are not developed in a timely fashion or are insufficient to respond to our business strategy expectations, or to meet new regulatory constraints.

Failure to be at the technological forefront could result in management not having adequate tools and information required to conduct day-to-day operations or to make decisions on strategies and objectives.

①	②	③	④	⑤
EXPAND OUR OFFER TO OUR CUSTOMERS	DEVELOP INTO NEW MARKETS	BUILD THE INFRASTRUCTURE TO SUPPORT OUR OFFER	INTEGRATE SUPPLY, STORAGE AND DISTRIBUTION	DEVELOP LOCAL STAKEHOLDER TRUST

See page 10 for more information

MITIGATING FACTORS

- Remuneration, reward and benefit levels at Puma Energy are regarded as competitive within the market.
- As a growing business, we can offer attractive career opportunities.
- We offer local operational autonomy and empower our employees at a local level.
- We invest in employee training and career development. Employee on-boarding workshops help new employees joining the Company.
- We maintain constructive dialogue with unions and worker representatives.
- We invest in programmes that support educational achievement among young people by sponsoring them through university.
- We have detailed succession plans and talent management programmes.

MITIGATING FACTORS

- Across the business, we employ common daily reporting practices.
- There are strict access controls to our data, we employ high levels of virus protection and have robust back-up procedures. Puma Energy's networks are constantly monitored.

- We ensure that there is a clear understanding of the project objectives and of the detailed project plan. The required acceptance testing process and requirements need to be in place; full acceptance testing is to be completed for every project area before they go live.
- A detailed risk analysis takes place before undertaking any project; it can then be used to determine how the key risks associated with the project can be mitigated, both contractually and by appropriate project management.
- We ensure that delays in implementing a system are reduced to every extent possible. Some delays will be unavoidable; others can be avoided with appropriate planning. Comprehensive project plans and processes for addressing delays that do arise can assist in keeping a project on track, particularly where there are inter-dependencies.

OPERATIONAL RISKS

	POTENTIAL IMPACT
13 1 2 3 4 5 **ENVIRONMENT** Inability to receive, store, transform, consume, dispatch and dispose of oil products in a way that preserves and protects people and the environment. (Puma Energy stores, blends, refines, and transports and sells hazardous, flammable and toxic materials.)	Spills or seepage of polluting substances from site operations and/or in transit may harm employees, contractors and local communities. It may also damage air quality, water purity and land and marine life. Improper handling could lead authorities to force closure of operations temporarily or permanently, or to reject permit applications. There can be significant financial impact relating to the remediation of environmental incidents.
14 1 2 3 4 5 **NATURAL CONDITIONS AND DISASTERS** Inability to make operations resilient to extreme natural conditions (whether regular or exceptional), or to react appropriately and in a timely manner. (Our offices and industrial installations can be affected by extreme weather conditions, earthquakes, disease epidemics and other natural disasters.)	Harm to persons, destruction and/or loss of facilities and equipment. Loss of business in the short term, but also in the medium term if alternative facilities are not deployed quickly enough.
15 1 2 3 4 5 **HEALTH AND SAFETY** Insufficient prevention and solutions to conditions and events affecting the health and physical integrity of employees, business partners and of any person expected to access Company sites, facilities and operations.	In addition to injuries and health issues, impacts may include fines and penalties, liability to employees or third parties and harm to Puma Energy's reputation. Authorities could force the closure of our operations temporarily or permanently, or reject permit applications.
16 1 3 4 5 **PHYSICAL OIL STORAGE AND HANDLING** Inability to establish and maintain adequate storage and throughput facilities.	Non-compliant storage and transfer equipment could lead to product downgrading, spills or losses. Breakdowns could complicate receipts and/or deliveries, with increased costs and lost business.
17 1 3 4 5 **PHYSICAL SECURITY** Insufficient prevention and solutions to malicious actions that affect the integrity of people and assets in Company custody or within our perimeter.	Inadequate security measures may result in harm to our employees, destruction and/or loss of material and/or financial assets. It could also reduce our ability to recruit and retain staff or result in civil liabilities.

OUR STRATEGIC PRIORITIES

①	②	③	④	⑤
EXPAND OUR OFFER TO OUR CUSTOMERS	DEVELOP INTO NEW MARKETS	BUILD THE INFRASTRUCTURE TO SUPPORT OUR OFFER	INTEGRATE SUPPLY, STORAGE AND DISTRIBUTION	DEVELOP LOCAL STAKEHOLDER TRUST

See page 10 for more information

MITIGATING FACTORS

- We invest in modern equipment and continually monitor and maintain this equipment.
- We conduct natural and industrial risk assessments on each new activity we undertake.
- We use a bespoke safety management system, SAPS (Systems, Application and Products), at all Puma Energy terminals to monitor the frequency and severity of accidents and lost-time incidents. This helps us to assess safety levels and identify potential risk factors.
- We are an active member of Oil Spill Response Ltd (OSRL), which is part of the Global Response Network, an organisation that shares effective responses to oil spills worldwide.

- The Company has corporate insurance for natural disasters.
- We have Emergency Response plans and Crisis Management plans at all our locations.
- Most Puma Energy entities located in countries with a high natural risk are in ‘regional clusters’, so emergency responses can also be organised from neighbouring depots and subsidiaries.
- We monitor public health concerns in the countries where we operate and carry out public awareness-raising exercises where necessary.

- We monitor and actively manage our Health, Safety, Environment and Community (HSEC) risks. One of our major risks is fire in our terminals, which we seek to mitigate by implementing regular operational controls, and by installing effective fire-fighting systems. We also contract top industry experts to help on the ground should a major incident occur.
- We work with transporters to improve their own HSEC performance and encourage them to train their drivers properly, control driving hours and educate drivers on fatigue management.
- We train our employees in line with the highest international standards and actively promote a highly safety aware culture.
- We run campaigns across our markets promoting greater safety awareness both at our operations and among the wider community.
- We provide and mandate the use of personal protective equipment (PPE).

- Puma Energy always looks for solutions to avoid bottlenecks – for instance, by identifying multiple logistics routes and supply schemes to any major location.
- In Australia, where we deliver to customers across vast distances up to 4,500km, we manage our own transport via our DirectHaul business.
- In other geographies, we manage relationships with third-party transport companies.
- Sufficient supply infrastructure/storage capacity is in place and strategically located to service our customers.
- Our quality testing of fuel adheres to standards laid down by the American Society for Testing Materials (ASTM).

- We have access controls and alarms at our depots, facilities and offices.
- We have clear processes and procedures for visitors to follow at all our locations.
- We have CCTV at depots and retail sites to deter potential intruders and actively monitor and safeguard our employees and assets.
- We minimise cash balances at our retail sites and have formal cash procedures to minimise risk.
- We monitor and control in-transit product losses.

POLITICAL/COUNTRY/ REPUTATIONAL RISKS

POTENTIAL IMPACT

18 5

COMMUNITIES

Failure to manage relationships with local communities, interest groups and NGOs leading to business disruptions.

Disruptions to day-to-day operations; hostility to the Company and its employees and business partners; adverse media coverage and damage to our public image; inability to expand existing sites or open new ones.

19 1 2 3 4 5

GEOPOLITICAL AND AUTHORITIES

Our business may be affected by political developments in any of the countries and jurisdictions in which Puma Energy operates. Governmental instability could adversely affect economies in corresponding markets and hence the Company's business, financial conditions and results.

Political instability may lead to the suspension of operations, enforced divestment, expropriation of property, cancellation of contract rights, additional taxes, import and export restrictions, foreign exchange constraints and sudden changes in industrial regulations or laws.

20 21 22 1 2 3 4 5

STANDARDS, LEGAL/REGULATION AND TAXATION

Inability to conform to the legal norms, regulations, regulatory framework, agreements and fiscal conditions (whether local, national or international) that govern our business. This includes product standards, handling standards, and direct or indirect taxation.

Fines, penalties, damages, loss of profit and business and the inability to bid for, access or maintain business in certain markets and/or with partners. This may translate in a loss of competitive advantage.

Authorities force closure of operations temporarily or permanently, or reject permit applications.

PRICING RISKS

POTENTIAL IMPACT

23 1 2 3 4

COMMODITY PRICES

Inability to push oil price volatility to the end-customer through pricing – where retail prices are not elastic, commodity price fluctuations pose a threat to short- and medium-term profitability.

Crude oil price volatility immediately affects the costs of refined petroleum products. Flat price and FX risks are unhedged.

24 1 2 3 4

CURRENCY EXPOSURE

Inability to identify exposures in currencies other than the US Dollar and subsequent lack of hedging.

(The Company operates in multiple currencies not pegged to the US Dollar and some of our business entities operate in countries with no freely convertible currency.)

Currency volatility may result in financial losses for the Company. Currency fluctuations on international markets may affect us at both Group and subsidiary levels.

Significant amounts of cash are held in countries with non-convertible currencies, remaining out of reach for Group financing purposes but exposed to local inflation and/or devaluation.

25 1 2 4

SALES PRICING

Inability to position pricing by segment to achieve the best market share/profit balance. Where pricing is government-regulated, inability to maintain a competitive edge through our marketing.

Highly competitive markets may result in lower margins and fluctuating customer loyalty, resulting in us losing market share and contracts.

The same could happen in markets where pricing is government-regulated, if other competitive advantages are not achievable.

OUR STRATEGIC PRIORITIES

①	②	③	④	⑤
EXPAND OUR OFFER TO OUR CUSTOMERS	DEVELOP INTO NEW MARKETS	BUILD THE INFRASTRUCTURE TO SUPPORT OUR OFFER	INTEGRATE SUPPLY, STORAGE AND DISTRIBUTION	DEVELOP LOCAL STAKEHOLDER TRUST

See page 10 for more information

MITIGATING FACTORS

- We work proactively with communities, empowering and encouraging managers at a local level to engage in continuous dialogue with our communities.
- The Puma Energy Foundation supports local community projects and shows our dedication and commitment to Corporate Social Responsibility.
- We promote initiatives to hire people from surrounding local communities.

- Puma Energy seeks to maintain a politically neutral stance in all our operating jurisdictions.
- We actively monitor regulatory and political developments, both at an international level and through our local businesses.
- Puma Energy's geographic diversification limits the overall risk to the business.
- In some jurisdictions, we operate through subsidiaries and joint ventures that are part-owned by state-backed or government-owned organisations. This can be both a constraint in terms of operating autonomy and an opportunity in terms of political risk management.
- Puma Energy has political risk insurance for Confiscation, Expropriation, Nationalisation and Deprivation (CEND).

- Puma Energy adheres to applicable local and international standards in all the countries in which we operate.
- By positioning ourselves as a market leader (or at least a top contender) in all countries in which we do business, we maintain appropriate intelligence.
- We engage in dialogue with relevant expert third parties and local authorities continually to promote high standards across ourglobal operations.
- In the interests of industrial safety, we also continuously promote Puma Energy's Safety Management System.
- Every country operation either has, or is in the process of obtaining, ISO accreditation: 59% of our terminals by capacity hold ISO 9001 certification and 56% hold ISO 14001 certification.

MITIGATING FACTORS

- We systematically hedge all physical products so that we are not exposed in free markets or semi-regulated markets.
- In regulated markets, distribution margins are fixed by the government and usually linked to return on investment formulae. Therefore, even when prices are volatile, our unit margins are protected and disconnected from oil price fluctuations.
- We actively manage and report our stock balances daily, which limits our potential exposure in volatile markets.

- Puma Energy has limited exposure to foreign trading activities and these are fully hedged. We do not hedge the equity translation risk from subsidiary earnings and assets.
- We have a policy of tapping local funding sources in each operational region. When exposed to local currency risk, the Company hedges accordingly.

- Tight management on the supply side, together with cost-control policies and procedures on local overheads, lower the break-even point.
- Diversification into new addressable markets opens up economic opportunities in less-competitive sectors (such as aviation fuels and lubricants).
- We are winning customer loyalty by providing high standards of service, building the Puma Energy brand and introducing customer loyalty initiatives.
- We actively monitor our competitors and the market and have strategies in place to react to pricing fluctuations.

STRATEGIC RISKS

STRATEGIC RISKS	POTENTIAL IMPACT
26 1 2 4 5 **JOINT VENTURES, MERGERS AND ACQUISITIONS/INTEGRATION** We grow dynamically through acquisitions and partnerships. The Group takes on risks associated with these transactions, including: 1. The transfer of liabilities related to environmental contaminations, tax, staff benefits and litigations. 2. Execution risk, delays and additional costs in closing the transaction. 3. Risks associated with integrating new businesses, as they may not effectively and efficiently adopt Puma Energy's tools and processes.	1. Transferred liabilities lead to regulatory penalties, remediation costs, lost time/site closures, reputational damage, tax penalties, litigation cost and damages, employee litigations and excessive staff turnover. 2. Delayed execution results in additional costs and lost time as well as budget failures. 3. Failed integrations lead to missed business opportunities, compliance issues and inaccurate accounting records. They may also lead to commercial disputes, lawsuits with business partners, unexpected tax claims and property conflicts.
27 1 2 3 4 **CONSTRUCTION PROJECTS MANAGEMENT** Our ability to do business may be hampered by the late or partial opening of new sites and facilities (including new retail sites, tank farms and terminals).	Loss of business opportunities and potential income due to delays and additional construction costs if projects are not effectively managed.
28 1 2 4 **LOSS OF MAJOR CUSTOMERS** Business becomes so concentrated locally that the loss of a key customer or contract causes the associated business model (revenue forecast, return on investment) to fail.	Missed targets in terms of sales and margins lead to direct financial losses.
29 1 2 3 4 5 **BRAND AND COMMUNICATION** Adverse perception of the Puma Energy brand leads consumers to choose products and services from competitors. This could result in an escalating crisis around perceived operational mismanagement.	Consumers boycotting our products or services, political or community opposition to the brand doing business within a geographical region, and issues caused by licences being revoked or withdrawn and legal action impacting our ability to trade.

OUR STRATEGIC PRIORITIES

1 EXPAND OUR OFFER TO OUR CUSTOMERS

2 DEVELOP INTO NEW MARKETS

3 BUILD THE INFRASTRUCTURE TO SUPPORT OUR OFFER

4 INTEGRATE SUPPLY, STORAGE AND DISTRIBUTION

5 DEVELOP LOCAL STAKEHOLDER TRUST

See page 10 for more information

MITIGATING FACTORS

- We always ensure the timely integration of acquired businesses into the Puma Energy network, operating systems and organisation.
- Detailed integration plans are drawn up and specific integration responsibility is given to dedicated people in our existing organisation.
- We offer mentoring and coaching at all levels within the acquired businesses, as well as detailed on-boarding plans for all people involved in our acquisitions.

- We actively manage all construction projects, with a focus on costs and the timeliness of delivery.
- Our experienced local, regional and global engineering teams actively manage our relationships with all the contractors and developers involved
- We ensure that we have contracts in place with our major contractors allowing us to claim compensation for any cost and time overruns.

- We have a large and diversified customer base, with contracts in place with our major customers.
- We actively manage our relationships with our key customers to ensure their long-term business.

- Our retail sites are distinctly branded, and we aim to rebrand sites acquired through acquisitions within the first year.
- We have built our reputation by being a reliable supplier of quality products at a competitive price.
- Our investments in infrastructure ensure we can maintain consistent performance across all the countries in which we operate.

FINANCIAL REVIEW

2018 has been a year of consolidation for Puma Energy as we have focused on integrating past acquisitions, ramping up the operations of completed investments and extracting more value from our existing asset base. We have considerably increased sales volume versus prior year, reaching a record 24,824k m^3 of products safely delivered to our customers. At the same time, many of our local currencies have depreciated against a stronger US Dollar. Oil prices have been very volatile during the year, while dropping sharply towards the year end. The price structure in some of our regulated markets has not yet been adjusted to reflect the new market environment, putting pressure on unit margins. Net profit amounted to US$(31) million, impacted by lower unit margins and non-recurring impairment expenses taken during the year.

At the same time, we have reduced our investment activities and maintained both our focus on working capital management and a disciplined financing policy. This has enabled us to generate healthy and sustainable cash flow from our operations, showing the adaptability of the Company. We also fully respected our financial covenants, while keeping a high liquidity profile.

Operating performance

Sales volumes have increased across all regions and segments by a total of 2,030k m^3 versus 2017. Sales volumes increased, mainly in Australia, Pakistan and the UK and at our retail, wholesale and bitumen operations. Our gross profit, however, decreased by US$212 million to US$1,460 million (2017: US$1,672 million), due to headwinds experienced in Angola and Australia. The Angolan Kwanza faced a 46% devaluation against the US Dollar, while the regulated price structure has not been adjusted for the combined effect of FX devaluations and oil price movements. In Australia, strong competition is putting pressure on prices, impacting both retail and B2B unit margins.

Downstream performance

Sales volumes for our Downstream operations increased by 10% year-on-year, and increased across all segments. Retail remains our largest segment in terms of gross profit followed by B2B and our aviation business. Unit margins have been impacted by the previously mentioned headwinds in Angola and Australia, as well as a shift in volumes towards lower unit margin segments like wholesale and bitumen, and countries such as the UK and Pakistan. The aviation business continues to perform well, delivering both higher volumes and unit margins. During the year, we started operations at 13 new airports.

Regional performance

Sales volumes have continued to increase in most regions, especially in Asia-Pacific and Europe, driven by the integration of the retail network acquired in Pakistan in late 2017, increased retail and B2B volumes in Australia and higher wholesale volumes at our UK operations. Somewhat weaker sales in the Americas reflect lower retail sales volumes in Puerto Rico, as some of our retail sites remained temporarily closed, in the aftermath of the hurricanes that hit the island in late 2017. Increased sales volumes across the Group did not translate into higher gross profit and EBITDA, as we faced difficult market conditions in Angola and Australia.

2,030k m^3

INCREASE IN SALES VOLUMES COMPARED TO 2017

US$554m

EBITDA

US$53/m^3

DOWNSTREAM UNIT MARGIN


PUMA
LUBRICANTS
PUMA
Oscar
Ferrer
PUMA
LUBRICANTS
ADVANCED
5W-30

US$17,921m
NET SALES

US$927m
CASH FLOWS FROM OPERATIONS

US$231m
ORGANIC CAPEX, NET

We reduced our capital spending, as we did not launch any new major investment projects, but focused instead on retail developments in better performing regions and finalising smaller investments in storage projects, such as Baranoa terminal in Colombia and Colon terminal in Panama.

Assets

In 2018, we made two small acquisitions in countries where we already had a presence and could easily integrate the acquired businesses into our existing operations. We have acquired a network of 15 retail sites from Total in Lesotho, and have exchanged a 25% minority stake in our storage business in Ivory Coast for a retail distribution network in the country. We have also disposed of some assets, like a 20% stake in the Langsat terminal in Malaysia and our retail network in Peru. We finalised the construction of two storage terminals – Colon terminal in Panama and Baranoa terminal in Colombia – and started operations at the Rostov aviation terminal in Russia. During the year, we recorded an impairment expense of US$86 million, on the goodwill of our operations in Pakistan and Nigeria, and some of our fixed assets.

Total non-current assets at 31 December 2018 decreased to US$4,792 million compared to US$5,449 million at 31 December 2017. Non-current assets reduced in particular due to currency devaluation effects on our tangible and intangible fixed assets. Total current assets increased to US$2,880 million, reflecting higher cash and higher trade receivables as a result of increased sales volumes and oil prices. DSO (Days of Sales Outstanding) decreased to 12 days from 13 days in 2017, reflecting our strict credit discipline. Irrespective of the increase in our activity, DIO (Days of Inventory) decreased to 20 days at the end of 2018 from 29 days at the end of 2017, reflecting lower inventory levels across all of our regions.

Capital structure and net debt

Moody's have maintained the rating of our Notes at Ba2, with a negative outlook, and our corporate family rating (CFR) at Ba2. Our BB ratings with Fitch have also been maintained with a negative outlook.

Total equity for the Group (shareholders' equity and minority interests) as at 31 December 2018 was US$1,581 million compared to US$2,263 million at the end of 2017. The reduction is largely driven by the accounting effect of devaluation of foreign currencies against the US Dollar, combined with lower net profit.

Net debt decreased slightly versus December 2017, while our leverage multiple of Net Debt/EBITDA amounted to 3.3x (2017: 2.7x).

At 31 December 2018, unsecured HoldCo debt represented 88% of the Group's debt, while secured OpCo debt accounted for only 1%. This reflects our successful Group strategy to increasingly shift our financing towards unsecured HoldCo debt ranking pari passu with the Senior Notes. Our aim is for Puma Energy only to have some working capital financing at OpCo level, largely in the form of short-term bilateral lines or overdrafts.

With 42% of our debt maturing within more than five years, we are confident that we will have sufficient liquidity to support our operations in the years to come.

New financing raised

In 2018, we have continued to improve our financing structure as, in January, we issued US$750 million in Senior Notes due 2026. From the total issued amount, US$400 million was used to repay the balance of our 2021 Notes still outstanding and the remaining US$350 million was used to repay bank debt. In May, we also successfully refinanced and extended our Senior Credit Facility. The Facility, for a total amount of US$1,785 million, is comprised of a three-year term loan and a one-year RCF. In addition, we have restructured our EUR 200 million Private Placement by extending its maturity and renegotiating the coupon.

Cash flow and liquidity

While we have been facing depreciating currencies and a challenging market environment, we have once again generated significant cash flows from operations of US$927 million (2017: US$477 million). Cash flows from investing activities amounted to US$248 million in 2018 (2017: US$359 million), reflecting both contained capital expenditure and proceeds from the disposal of some of our assets and investments. Investing cash flows have been fully financed through cash flows from operating activities.

Despite headwinds affecting our unit margins, the Company has been able to adapt quickly to this environment and to keep a strong cash flow and liquidity profile. ■

12.4
DAYS OF SALES OUTSTANDING

42%
OF DEBT MATURING IN MORE THAN FIVE YEARS

3.3
LEVERAGE RATIO (NET DEBT/EBITDA)

WE DISTRIBUTE

Our transportation network ensures we can deliver far and wide. From the world's busiest cities, to the most inaccessible places on earth, we ensure our products arrive in perfect condition every time.

WE DISTRIBUTE FAR AND WIDE

PUMA ENERGY POWERS COMMUNITIES

03

01

Graham Sharp (i), (iii)

NON-EXECUTIVE CHAIRMAN, PUMA ENERGY

Years of experience
(Puma Energy/Industry): 6/35

Skills and experience
Graham joined the Puma Energy Board on 27 May 2012 as its independent Non-Executive Chairman. He spent his early career advising multinational clients such as Shell. Following a period trading clean petroleum products worldwide, Graham was a co-founding Board member of Trafigura. Upon his retirement in 2007, Graham continued to advise Oliver Wyman Associates and Galena Asset Management, among others. He holds a first-class honours degree in engineering, economics and management from Oxford University.

02

Emma FitzGerald (ii), (iii)

CHIEF EXECUTIVE OFFICER, PUMA ENERGY

Years of experience
(Industry): 24

Skills and experience
Emma joined Puma Energy in January 2019. Previously, she spent many years running Downstream Retail, Lubricants & LPG businesses for Shell around the world. For the past five years, she has been immersed in the UK utility industry running gas and water & waste networks for National Grid and Severn Trent Water. She has served on boards in both an Executive & Non-Executive Director capacity including Severn Trent plc, Cookson Group plc, Alent plc and DCC plc. She is currently an adviser to the Singapore government Prime Minister's office and sits on the advisory board of Oxford Science Innovation. Emma holds a doctorate in Surface Chemistry from Oxford University and an MBA from Manchester Business School.

03

Baltazar Agostinho Gonçalves Miguel

EXECUTIVE BOARD MEMBER, SONANGOL EP

Years of experience
(Puma Energy/Industry): 1/21

Skills and experience
Baltazar joined Sonangol in 1997 and has held various senior management positions in Accounting, Finance and Human Resources for Sonangol Distribuidora SA and Sonangol Refinaria de Luanda SA. He was a member of the Executive Committee of the Board of Directors of Sonangol Luanda Refinery between 2009 and 2012 and Chairman of the Executive Committee of Sonangol Academia between 2014 and 2017. In November 2017, he was appointed to the Executive Board of Sonangol EP. Baltazar holds a BSc in Business Economics from the University of Salford and an MA in Money, Banking and Finance from the University of Sheffield/ Sheffield Management School.

04

Filomena Maria Gamboa Carvalho dos Santos e Oliveira

EXECUTIVE BOARD MEMBER, SONANGOL HIDROCARBONETOS INTERNACIONAL

Years of experience
(Puma Energy/Industry): 1/36

Skills and experience
Filomena began her career with Sonangol in 1982. Between 2012 to 2015, she served as a member of the Executive Committee of Sonangol Pesquisa e Produção, which operates exploration and production assets in Angola. Since 2015, Filomena has been a member of the Executive Committee of Sonangol Hidrocarbonetos Internacional, the company responsible for the management of international exploration and production assets. Prior to Sonangol, she was Head of Reservoirs Department for the National Concessionaire. Filomena holds a Mining/Petroleum Engineering degree from Agostinho Neto University, Angola.

OUR BOARD OF DIRECTORS

Our Board of Directors brings together energy industry professionals from around the world, who are committed to practising and promoting good governance throughout the Group.

01.

02.

05

Robert Gillon

CO-HEAD OF GROUP MARKET RISK, TRAFIGURA

Years of experience
(Puma Energy/Industry): 3/15

Skills and experience
Robert joined Trafigura in 2006 as a middle distillate risk manager. Since then, he has traded the global paper book for distillates, before becoming Co-Head of the Distillates Desk. In 2013, Robert became a member of the Trafigura Foundation board and in 2016 was appointed to the Trafigura Trading committee.

Prior to joining Trafigura, Robert worked at Arrow and Tullett Prebon. Robert has a geography degree from Nottingham University.

06

Pierre Lorinet (iii)

DIRECTOR, TRAFIGURA

Years of experience
(Puma Energy/Industry): 14/25

Skills and experience
Pierre joined Trafigura in 2002 and was appointed CFO in January 2007. Before joining Trafigura, he was employed by Merrill Lynch London and Banque Indosuez in the Middle East in various debt and capital market roles. Pierre left Trafigura in October 2015 but remains a director on several boards.

07

Leopoldino Fragoso do Nascimento

CHAIRMAN, COCHAN

Years of experience
(Puma Energy/Industry): 9/22

Skills and experience
Leopoldino is one of Africa's foremost entrepreneurs. Since 2009, he has been a partner of Trafigura through its investment in the DT Group, which is a joint venture with Cochan. He is a founding partner of Unitel Telecom, Kinaxixe Real Estate, Zahara Logistics, Kero Supermarkets and Biocom – Bio Fuels. Leopoldino holds a degree in telecommunication engineering.

08

José Larocca

HEAD OF OIL TRADING, TRAFIGURA

Years of experience
(Puma Energy/Industry): 11/26

Skills and experience
José Larocca was appointed to the Trafigura Management Board and Head of the Oil and Petroleum Products trading division in March 2007. He was one of the Company's earliest employees, joining Trafigura in London in 1994 on the Oil Deals Desk before taking a series of commercial roles, including as a trader of naphtha and petroleum. Prior to joining Trafigura, José worked for two years at Interpetrol, a small oil trading company in Buenos Aires.

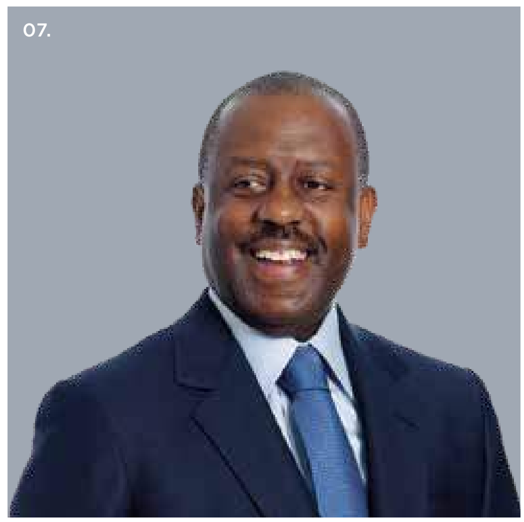
(i) Audit Committee
(ii) Ethics and Compliance Committee
(iii) Finance Committee
(iv) Health, Safety, Environment and Community Committee


03.


04.


05.


06.


07.


08.

OUR EXECUTIVE COMMITTEE*

01

Emma FitzGerald (ii), (iii)

CHIEF EXECUTIVE OFFICER

24 years in the industry

Emma joined Puma Energy in January 2019 as CEO. Previously, she spent many years running Downstream Retail, Lubricants & LPG businesses for Shell, as well as gas and water & waste networks for National Grid and Severn Trent Water. She has served on boards at Severn Trent plc, Cookson Group plc, Alent plc and DCC plc, and is currently an adviser to the Singapore Prime Minister's office. Emma holds a doctorate in Surface Chemistry from Oxford University and an MBA from Manchester Business School.

*As at 31 December 2018

02

Denis Chazarain (ii), (iii)

CHIEF FINANCIAL OFFICER

10 years at Puma Energy, 29 years in the industry

Denis joined Puma Energy in September 2008 as CFO. Previously, he has held various finance roles at Total (Downstream), Addax & Oryx (CFO and GM of Downstream) and Vallourec (CFO of Oil and Gas division). Denis has an MPhil in international relations from Panthéon-Sorbonne Université and a Masters from the Institut d'Études Politiques de Paris.

03

Christophe Zyde (ii)

GROUP CHIEF OPERATING OFFICER

7 years at Puma Energy, 30 years in the industry

Christophe was appointed Group Chief Operating Officer of Puma Energy in 2016, having joined Trafigura in 2010 and becoming Puma Energy's Chief Operating Officer for Africa in 2011. He previously worked for Umicore in a variety of operational and general management roles. Christophe holds an engineering degree from École Polytechnique in Brussels.

04

Rodrigo Zavala

CHIEF OPERATING OFFICER, AMERICAS

7 years at Puma Energy, 26 years in the industry

Rodrigo joined Puma Energy in 2011 to lead the merger of Exxon's Centam storage facilities into the business, then became our General Manager in Paraguay and was appointed COO for the Americas in 2014. He started in a finance role at Shell before spending 11 years at Petrobras in M&A, refinery logistics planning and marketing in Argentina, Brazil and Chile. Rodrigo holds an economics degree from Universidad de Belgrano and an MBA from Universidad del CEMA in Argentina.

05

Antonio Mawad (ii), (iv)

GLOBAL HEAD OF MIDSTREAM OPERATIONS

5 years at Puma Energy, 35 years in the industry

Antonio started his career in 1983 with PDVSA-Venezuela and has worked in a variety of roles across engineering, refinery operations, logistical optimisation, and supply networks – joining Petroplus in Switzerland in 2007 and Puma Energy in 2013. He holds a degree in chemical engineering from Simón Bolívar University in Caracas and an engineering degree in oil refining from the French Petroleum Institute in Paris.

06

Jonathan Pegler (ii)

GLOBAL HEAD OF SUPPLY AND TRADING

4 years at Puma Energy, 26 years in the industry

Before joining Puma Energy in 2015, Jonathan was global co-head of crude trading and head of oil Asia for Trafigura, based in Singapore. Prior to Trafigura, he worked for four years at Amerada Hess and nine years at BP, managing trading portfolios for products and risk management of its European Downstream system. Jonathan graduated from City University in London with a BSc in aeronautical engineering.

07

Pierre Costa

CHIEF INFORMATION OFFICER

2 years at Puma Energy, 21 years in the industry

Pierre joined Puma Energy in 2017 as Chief Information Officer. He joined from IBM, where he held various positions, leading large and complex project deliveries and sales in an international and multicultural environment. Pierre holds engineering degrees from École Polytechnique in Paris and École Nationale des Ponts et Chaussées in France.

08

Robert Jones

CHIEF OPERATING OFFICER, ASIA-PACIFIC & MIDDLE EAST

14 years at Puma Energy, 20 years in the industry

Robert joined Trafigura in 2002 as Project and Investment Manager in the oil asset division. He previously worked for Arthur Andersen and Deloitte & Touche in a variety of roles within finance and M&A. Robert holds a first-class honours degree from the University of Cambridge and is a qualified chartered accountant (ICAEW).

(i) Audit Committee
(ii) Ethics and Compliance Committee
(iii) Finance Committee
(iv) Health, Safety, Environment and Community Committee

CORPORATE GOVERNANCE REPORT

As a fast-moving and complex business that serves a wide variety of customers every hour of every day, Puma Energy has an unswerving commitment to achieving high standards of corporate governance.

Operating globally, in both mature and emerging markets, makes promoting a consistent culture of good governance across the Group even more important. Our Corporate Governance Framework allows us to implement and uphold the structures, systems and processes we need to do this effectively; and applying our corporate governance standards throughout the organisation ensures we promote best practice, support our long-term objectives and helps us meet internationally recognised standards.

Compliance and audit

During the year, our Global Head of Compliance has continued to drive and embed the development of our compliance programme to promote transparency and instil even more rigorous corporate governance standards across our global operations. He has continued to build on our already robust and credible processes and practices, aiming primarily to assess and further embed the Code of Conduct and helpline launched in 2017. Our continuous auditing process gives managers real-time insights and alerts, helping them to manage their businesses more effectively and enabling us to manage risk and refine processes accordingly. Our Internal Audit and Compliance teams can conduct systematic country risk reviews and produce ongoing, real-time alerts on transactional and counterparty risk.

Some of our businesses operate in markets where the regulatory systems are not mature. In these cases, our Ethics and Compliance and Audit Committees are responsible for good governance and transparency, and our internal and external auditing makes sure that we protect our reputation and keep our licence to operate as a good corporate citizen.

OUR PRINCIPLES

PRINCIPLES TO DELIVER LONG-TERM SUCCESS

EFFECTIVENESS

Having the appropriate balance of skills, experience, independence and knowledge of the Company and industry to discharge duties and responsibilities effectively.

ACCOUNTABILITY

Clarifying the conduct and accountability of management, its roles and responsibilities and ensuring the alignment of management's and shareholders' interests.

TRANSPARENCY

Transparent arrangements for considering how to apply corporate reporting, risk management and internal control principles and maintaining an appropriate relationship with the Company's auditors.

INDEPENDENCE

Conducting corporate governance in a professional way without conflict of interest and free from any internal and external influence or pressure.

FAIRNESS

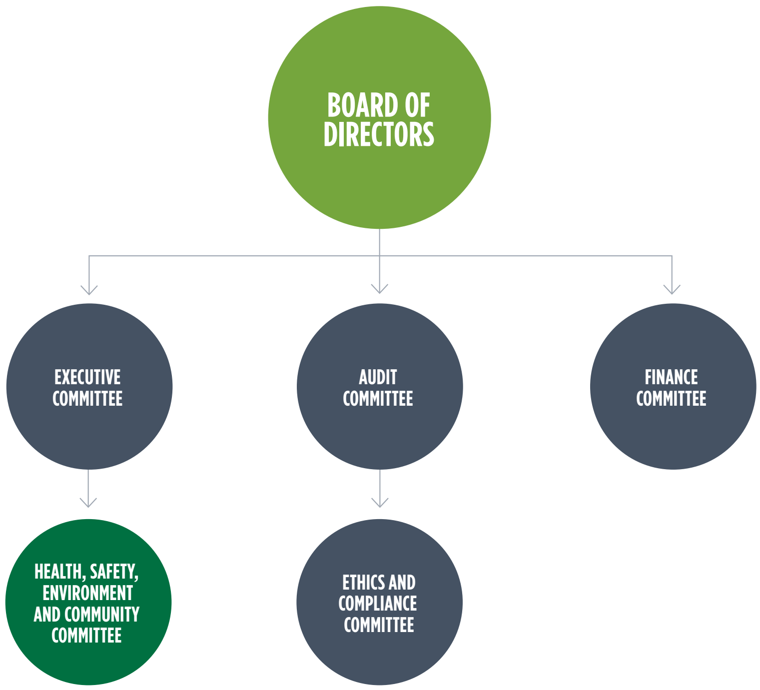
Ensuring the protection and equal treatment of shareholders' rights, including minority and foreign shareholders' rights.

RESPONSIBILITY

Determining the nature and extent of risks to take in achieving the Group's strategic objectives while maintaining sound risk management and internal control systems.

We believe our corporate governance principles will help us to deliver long-term success by facilitating effective, entrepreneurial and prudent management.

FIGURE 1
BOARD STRUCTURE



Ownership and shareholders

We operate independently of our main shareholders and strategic partners, Trafigura, Sonangol and Cochan; however, we can draw on their management expertise and market knowledge.

Trafigura

Trafigura is one of the world's leading international commodity traders, specialising in the oil, minerals and metals markets, with 4,316 employees across Europe, Africa, Asia, Australia and North, Central and South America.

Founded in 1993, Trafigura is owned by its management and employees. It has achieved substantial growth in recent years, growing turnover from US$18 billion in 2004 to US$181 billion in 2018.

Trafigura's primary trading businesses are involved in the supply and transport of crude oil, petroleum products, renewable energies, coal, refined metals, ferrous and non-ferrous ores and concentrates. It is the world's second-largest independent non-ferrous trading company and the third-largest independent oil trader.

We are one of Trafigura's largest suppliers of Midstream services, such as storage and bunkering, which in turn provides Puma Energy with stable cash flows. Trafigura is a preferred supplier of petroleum products to Puma Energy and accounts for roughly two-thirds of our supply.

This special relationship provides Puma Energy with preferential access to the international markets.

For more information about Trafigura, visit: www.trafigura.com

Sonangol

Established in 1976, Sonangol is ultimately a state-owned company whose mission is the management of hydrocarbon resource exploration and production in Angola. Sonangol Holdings Lda, the direct shareholder of the Puma Energy Group is governed as a private company and has strict standards to ensure efficiency and productivity.

In this context, Sonangol works to become a reference in the international market. The company's activities include exploration, development, marketing, production, transportation and refining of hydrocarbons and their derivatives. Sonangol gives us crucial expertise and knowledge of sub-Saharan African markets.

Cochan

Puma Energy has worked with Cochan since 2005 to develop retail sites in Angola, and the Angolan bitumen and B2B markets. Cochan is a leader in capital investments in high-potential markets. Its partnerships are long term and lasting to build continuous success. Other than in Puma Energy, Cochan's key investments include Biocom, DT Group, Kero, Kinaxixi and Cinemax:

- Biocom produces, distributes, markets, imports and exports sugar cane, along with its derivatives and by-products.
- DT Group's business includes infrastructure, asset management, logistics, retail and trading, as well as offshore shipping.
- Kero is a state-of-the-art benchmark for supermarkets in Angola.

8,278

EMPLOYEES AROUND THE WORLD

FIGURE 2
BOARD MEMBERS' LENGTH OF TENURE

The graphic below provides a visual outline of our Board in terms of length of tenure.

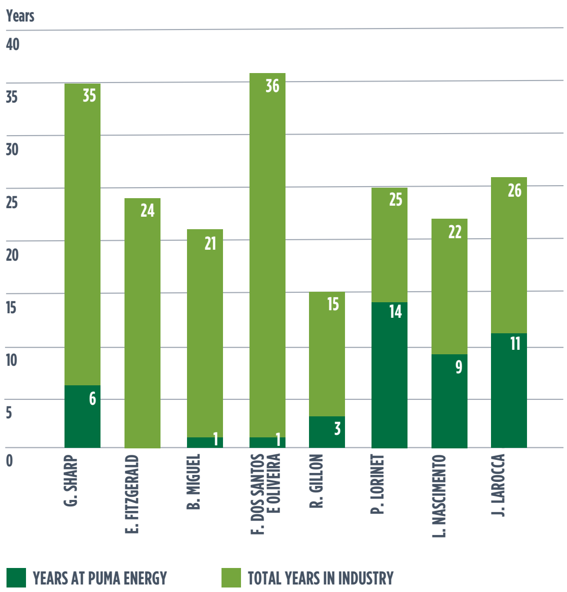
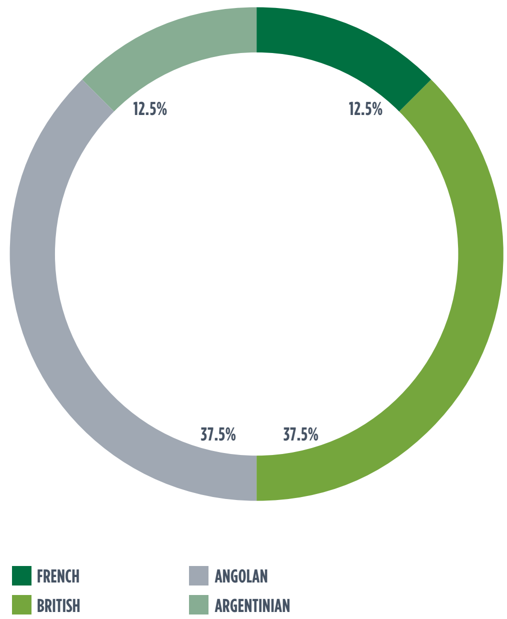


FIGURE 3
BOARD MEMBERS BY NATIONALITY

Breakdown of Board members by nationality.



- Kinaxixi, a real estate company investing in high-end residential and commercial property development projects.
- Cinemax is Angola's largest cinema operator present in the country's main provinces.

Our approach to corporate governance

Puma Energy is managed on a global basis through a network of local and regional offices.

We employ 8,278 people from over 80 countries, and have implemented a structure of regional offices. Puma Energy empowers local employees to improve its effectiveness in key markets. Local decision-makers understand the conditions on the ground, which makes them best placed to respond appropriately to the challenges they face on a day-to-day basis.

Our decentralised corporate structure promotes operational flexibility by giving regional managers the ability to respond directly to customers and stakeholders, and we balance this with rigorous oversight through effective information systems, comprehensive reporting and careful internal auditing. While we make most commercial and operational decisions regionally or locally, we set strategic direction centrally.

Our governance objectives

Puma Energy's attitude to governance is driven by three overriding objectives. It seeks:

1. To support a performance-driven global business focused on growth.
2. To maximise our commercial flexibility by light-touch central management that empowers individual employees at a local level.
3. To balance the previous two principles by promoting a strong culture of governance and using effective information systems to ensure transparency and accountability.

Our Board structure and the Board

We balance our objectives with rigorous oversight. This involves effective information systems, comprehensive reporting and a fully networked Internal Audit department that keeps track of performance and product flows at individual business units.

Most strategic decisions are taken centrally. Commercial and operational decisions are made regionally and locally. The organisation favours short reporting lines, which encourage a dynamic culture where swift decision-making is the norm. This in turn improves reporting clarity and every employee understands the extent of their role and responsibilities.

Clarity promotes transparency, as our clear reporting lines reduce the scope for unsafe commercial practices to develop or take root. Roles, relationships, reporting lines and responsibilities are specified in a Delegation of Authorities document, which is distributed internally and updated on a regular basis and approved by our Board.

"We balance our objectives with rigorous oversight, involving effective information systems, comprehensive reporting and a fully networked Internal Audit department."

Graham Sharp, Chairman

The Board of Directors

The Board comprises a Non-Executive Chairman, the Chief Executive Officer and six other Board members who represent our major shareholders. Our Board meets at least four times a year to, among other matters, set our strategy and oversee how it is implemented. The Board's main duties and responsibilities include:

- Approving the nominations of Executive Committee members and such other specialised committees as deemed necessary
- Defining Puma Energy's strategic orientation
- Approving Puma Energy's annual budget and five-year business plan, including its investment programme
- Approving investments, divestments, loans or financing equivalent to more than 3% (but less than or equal to 25%) of the total net assets of the Puma Energy Group, whether or not the projected amount is part of an announced strategy
- Reviewing information on significant events related to the Company's affairs.

Key issues our Board discussed during 2018 included:

- Acquiring and integrating the recently acquired businesses
- Approving our main projects
- Approving financing strategy and main financing arrangements
- Approving our budget for 2019-2023.

Roles and responsibilities of our Chairman and CEO

Puma Energy has had separate Chairman and Chief Executive functions since 2012.

Our Chairman, Graham Sharp, is responsible for:

- Leading our Board and ensuring it makes effective decisions
- Maintaining good relations between our Board and shareholders
- Representing us in high-level discussions with governments and other important partners
- Chairing the Board's activities and our Finance and Audit Committees.

Our Chief Executive, Emma FitzGerald, joined Puma Energy on 2 January 2019 and chairs our Executive Committee. She is ultimately responsible for managing our Company, as well as being responsible for reporting our results and outlook to shareholders and the financial community. Emma also oversees the strategic direction of the Company.

Executive team

Our highly experienced executive team takes decisions to grow our business effectively and profitably. Puma Energy has a lean and agile management structure that enables us to make quick, robust decisions in a transparent way. The main duties and responsibilities of the executive team include:

- Implementing the strategic vision defined by the Board of Directors
- Providing organisational direction on behalf of the Board
- Advising the Board on decisions and business matters, ranging from strategy planning and policy to investment and risk
- Setting financial plans, monitoring and evaluating the implementation of these plans and ensuring that any necessary adjustments are made if required
- Ensuring that systems and structures are in place to provide effective management and support for employees
- See our executive team section on page 92 for details of our leadership team.

Our committees

We have appointed the following committees to ensure the smooth and effective running of our business:

- Audit Committee
- Ethics and Compliance Committee
- Finance Committee
- Health, Safety, Environment and Community Committee.

Audit Committee (i)

Chair: Graham Sharp (Chairman), Members: Christophe Salmon (CFO, Trafigura) and Mark Irwin (Director, Trafigura).

The committee meets at least twice a year and its primary role includes:

- Overseeing the financial reporting and disclosure process of the Group
- Monitoring the effectiveness of the Group's Internal Audit function and reviewing any material findings
- Overseeing the relationship with the external auditors, including agreeing their fee and assessing their independence and effectiveness
- Establishing procedures for receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters
- Engaging independent advisers as it deems necessary to carry out its duties
- Providing Board oversight of the Ethics and Compliance Committee activities.

Principal activities during the year included:

- Approving the yearly Internal Audit programme
- Reviewing key audit findings, control concern trends and progress made
- Proposing the appointment of Group external auditor to the Board
- Validating audit budgets for the year.

Ethics and Compliance Committee (ii)

Chair: Emma FitzGerald (Chief Executive Officer), Members: Andrew McClarron (Global Head of Compliance), Denis Chazarain (Chief Financial Officer), Christophe Zyde (Group Chief Operating Officer), Jonathan Pegler (Global Head of Supply and Trading), Kerstin Knapp (Global Head of Human Resources), Antonio Mawad (Global Head of Midstream Operations).

The committee meets at least twice a year and its primary role includes:

- Reviewing, approving and overseeing the Company's programme for ethics and compliance
- Reviewing significant ethics and compliance risks and confirm that appropriate risk management activities and plans are in place
- Monitoring the overall ethics and compliance performance in the Company
- Reviewing the systems in place to enable staff to speak up about potential breaches of the Code of Conduct
- Setting out and providing guidance on the culture and values of the Company in support of an effective compliance management framework
- Reviewing significant investigations and outcomes to identify lessons learned and opportunities for systemic remediation
- Reviewing and resolving significant ethics and compliance matters that have the potential to adversely and materially impact the Company's reputation.

Principal activities during the year included:

- Carrying out a Company-wide survey to assess the impact of our new Code of Conduct, which showed 85% of staff were familiar with the contents of the Code and that 91% believe our management are genuinely committed to act in accordance with the Code of Conduct. Both strong results reflect an effective launch
- Embedding the SpeakUp Helpline by promoting its use and ensuring effective case handling, the success of which was reflected in the system being used and generating approximately five cases per month
- Launching new Code of Conduct training that covers a range of risk areas
- Launching a new global Conflicts of Interest register to allow improved management of this risk area.

Finance Committee (iii)

Chair: Graham Sharp (Chairman), Members: Christophe Salmon (CFO, Trafigura), Pierre Lorinet (Director, Trafigura), Emma FitzGerald (Chief Executive Officer) and Denis Chazarain (Chief Financial Officer).

The committee meets at least twice a year and its principal activities include:

- Reviewing and making recommendations to the Company in relation to matters affecting the Group's capital structure and financing, tax and treasury aspects of the Group
- Validating our external financing principles
- Reviewing KPIs and monitoring rating policies
- Overseeing the governance and activities of the Company's treasury functions.

Health, Safety, Environment and Community Committee (iv)

Chair: Antonio Mawad (Global Head of Midstream Operations), Members: Charlotte Dauphin (Corporate Affairs ad-interim), Kerstin Knapp (Global Head of Human Resources), Moosa Karodia (Operations Manager, Africa), Carlos Garcia (Operations and HSEC Manager, Americas), Ciro Izarra (Operations Manager, Asia-Pacific), Mario Sierra (Retail Manager, Americas), Peter John (Aviation Operations Manager), Priit End (Operations Controller), Philippe Roux (Global Head of Transport).

The committee meets at least four times a year and focuses on four areas:

- Economic development
- Health and safety
- The environment
- Our people and the communities in which we work.

The committee's primary role includes:

- Advising the business on all sustainability matters
- Supervising other working groups responsible for specific strategic, technical, operational and community projects
- Reviewing historical performance indicators.

Principal activities during the year include:

- Defining Puma Energy HSEC yearly goals
- Reviewing and approving any new guidelines associated to Puma Energy HSEC policies
- Following up with each region on Puma Energy HSEC policies implementation
- Reviewing Group and Regional HSEC statistics, performance KPIs and results
- Reviewing major incidents investigation reports, define improvements, action plans based on lessons learned from these incidents

Global and local management

Our finance, liquidity management, risk management, controlling and consolidation teams are all based in our office in Geneva to maintain strict control over our finances and our exposure to risk. Other support teams, including strategy, human resources, internal audit, communications and sustainability (health, safety, environment and communities), are also based centrally.

Our regional offices manage our commercial activities in:

- Africa: Johannesburg, South Africa
- Latin America: San Juan, Puerto Rico
- Middle East and Asia-Pacific: Singapore
- Europe: Tallinn, Estonia.

Local general managers are responsible for day-to-day operations. Each country has a local management team and local staff and enters into and manages the main contacts with our customers. Our relationships with suppliers, customers and local authorities are better because we are permanently present in local markets.

Subsidiaries and joint ventures

In most countries we operate through a local subsidiary.

We have more than 200 companies in more than 60 jurisdictions around the world. Most subsidiaries are either wholly owned or majority owned. In some countries, we have joint ventures with local or state-owned business. A General Manager oversees each local business, supported by regional and central functions, and they are accountable to their regional Chief Operating Officer.

Unless contrary to local requirements, each subsidiary's Board includes at least one member of the executive team. The General Manager is not normally on the Board, unless there is a local requirement. For our investments in associates, the executive team chooses a Puma Energy representative on a case-by-case basis.

FIGURE 4
EXECUTIVE COMMITTEE NATIONALITY

Breakdown of Executive Committee by nationality.

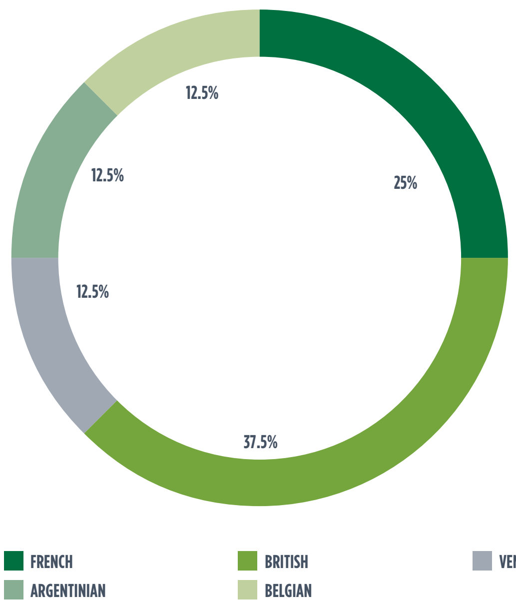
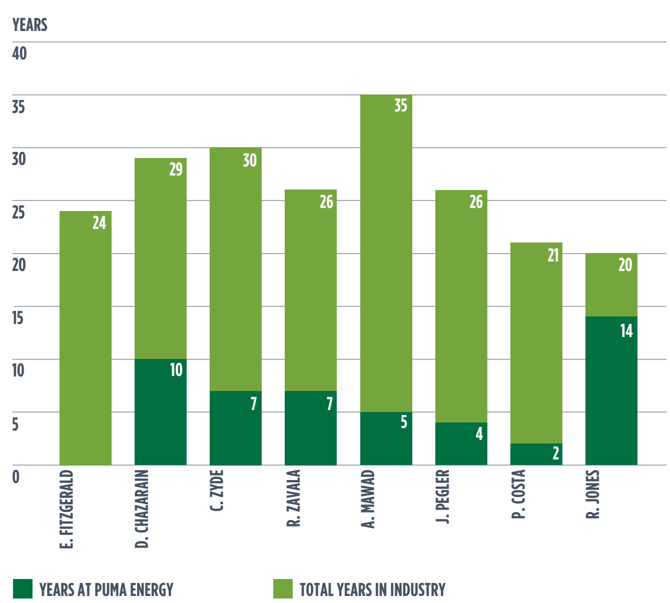


FIGURE 5
EXECUTIVE COMMITTEE LENGTH OF TENURE

A visual outline of length of tenure for our Executive Committee members.



WE CONNECT CUSTOMERS

As the world turns faster and faster, we have the technology and know-how to provide energy solutions for our customers around the clock, connecting them to the next business opportunity, or even the adventure of a lifetime.

WE CONNECT CUSTOMERS EVERY DAY

PUMA ENERGY UNITES COMMUNITIES


04

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF INCOME

For the years ended 31 December

in US$'000	Notes	**2018**	2017
Continuing operations			
Revenue from contracts with customers	9.1	17,920,887	15,181,302
Cost of sales		(16,461,331)	(13,509,495)
Gross profit		**1,459,556**	**1,671,807**
Selling and operating costs	9.2	(1,124,168)	(1,155,351)
General and administrative expenses	9.3	(211,154)	(199,472)
Other operating income	9.4	9,012	19,683
Other operating expenses	9.4	(17,279)	(20,307)
Share of net profits and losses of associates	8.2	6,166	5,625
Operating profit		**122,133**	**321,985**
Finance income	9.5	137,003	57,336
Finance costs	9.6	(248,481)	(227,148)
Net foreign exchange gains/(losses)	9.7	9,694	(1,875)
Profit before tax		**20,349**	**150,298**
Income tax expense	10.1	(51,331)	(41,876)
Profit/(loss) for the year		**(30,982)**	**108,422**

Attributable to:			
Owners of the parent		(25,208)	96,674
Non-controlling interests		(5,774)	11,748

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December

in US$'000	**2018**	2017
Profit/(loss) for the year	**(30,982)**	**108,422**
Other comprehensive income/(loss)		
Exchange differences on translation of foreign operations, net of tax	(649,215)	44,186
Loss on assets at fair value through other comprehensive income	(668)	(204)
Other income	9,600	–
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**(640,283)**	**43,982**
Remeasurement gains on defined benefit plans, net of tax	4,508	708
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**4,508**	**708**
Total comprehensive income/(loss) for the year, net of tax	**(666,757)**	**153,112**

Attributable to:		
Owners of the parent	(656,357)	141,206
Non-controlling interests	(10,400)	11,906

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the years ended 31 December

in US$'000	Notes	2018	2017
Assets			
Non-current assets			
Property and equipment	11	3,158,720	3,614,424
Intangible assets and goodwill	12	1,273,008	1,453,860
Investments in associates	8.2	39,932	49,204
Other financial assets	15	88,639	95,769
Deferred tax assets	10.5	109,940	113,723
Other assets	16	121,719	121,868
Total non-current assets		**4,791,958**	**5,448,848**
Current assets			
Inventories	14	909,662	1,087,977
Other assets	16	386,294	347,375
Income tax receivable	10.4	15,934	19,002
Trade receivables	17	834,252	654,255
Other financial assets	15	89,018	36,031
Cash and cash equivalents	18	644,496	519,203
Total current assets		**2,879,656**	**2,663,843**
Total assets		**7,671,614**	**8,112,691**
Equity and liabilities			
Equity			
Share capital	20	2,054,166	2,054,166
Retained earnings		662,930	709,196
Foreign currency translation reserve		(1,376,870)	(817,711)
Other components of equity		104,931	185,853
Equity attributable to owners of the parent		**1,445,157**	**2,131,504**
Non-controlling interests		135,909	131,100
Total equity		**1,581,066**	**2,262,604**
Non-current liabilities			
Interest-bearing loans and borrowings	21	2,828,303	2,781,690
Retirement benefit obligations		2,121	5,566
Other financial liabilities	23	10,103	37,910
Deferred tax liabilities	10.5	54,842	62,232
Provisions	22	43,444	52,886
Total non-current liabilities		**2,938,813**	**2,940,284**
Current liabilities			
Trade and other payables	24	2,598,873	2,038,308
Interest-bearing loans and borrowings	21	457,032	754,261
Other financial liabilities	23	40,799	63,655
Income tax payable	10.4	40,151	37,491
Provisions	22	14,880	16,088
Total current liabilities		**3,151,735**	**2,909,803**
Total liabilities		**6,090,548**	**5,850,087**
Total equity and liabilities		**7,671,614**	**8,112,691**

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December

In US$'000	Notes	Share capital	Retained earnings	Foreign currency translation reserve	Other components of equity	Total	Non-controlling interest	Total equity
		Attributable to owners of the parent						
At 1 January 2018		**2,054,166**	**709,196**	**(817,711)**	**185,853**	**2,131,504**	**131,100**	**2,262,604**
Profit for the year		–	(25,208)	–	–	(25,208)	(5,774)	(30,982)
Other comprehensive income/(loss)		–	8,932	(559,159)	(80,922)	(631,149)	(4,626)	(635,775)
Total comprehensive loss		**–**	**(16,276)**	**(559,159)**	**(80,922)**	**(656,357)**	**(10,400)**	**(666,757)**
Dividends		–	–	–	–	–	(7,011)	(7,011)
Acquisitions/disposals of non-controlling interests	6.5	–	(17,581)	–	–	(17,581)	16,373	(1,208)
Deemed distribution to shareholders(i)		–	(13,587)	–	–	(13,587)	–	(13,587)
Share-based payments(ii)		–	4,751	–	–	4,751	–	4,751
Acquisition of subsidiary	6.2	–	–	–	–	–	3,819	3,819
Other(iii)		–	(3,573)	–	–	(3,573)	2,028	(1,545)
At 31 December 2018		**2,054,166**	**662,930**	**(1,376,870)**	**104,931**	**1,445,157**	**135,909**	**1,581,066**

(i) The line deemed distribution reflects buy-backs of shares made in relation to the Group's employee share plan (US$4.1 million) and the financing of the acquisition of Puma Energy Holdings Pte Ltd shares by its shareholder PE ESP Ltd for the share-based payment scheme.
(ii) The line share-based payments includes the costs accrued during the year for the employee share plan.
(iii) Mainly includes the impact of the first-time adoption of the expected credit loss model, in line with IFRS 9.

In US$'000	Notes	Share capital	Retained earnings	Foreign currency translation reserve	Other components of equity	Total	Non-controlling interest	Total equity
		Attributable to owners of the parent						
At 1 January 2017		**2,054,166**	**629,986**	**(861,306)**	**(1,840)**	**1,821,006**	**79,389**	**1,900,395**
Profit for the year		–	96,674	–	–	96,674	11,748	108,422
Other comprehensive income/(loss)		–	(204)	43,595	1,141	44,532	158	44,690
Total comprehensive income		**–**	**96,470**	**43,595**	**1,141**	**141,206**	**11,906**	**153,112**
Dividends		–	(23,638)	–	–	(23,638)	(6,517)	(30,155)
Acquisitions/disposals of non-controlling interests	6.5	–	2,093	–	–	2,093	–	2,093
Share-based payments		–	4,285	–	–	4,285	–	4,285
Acquisition of subsidiary	6.2	–	–	–	–	–	6,780	6,780
Change in consolidation method	6.5	–	–	–	–	–	39,012	39,012
Other(i)		–	–	–	186,552	186,552	530	187,082
At 31 December 2017		**2,054,166**	**709,196**	**(817,711)**	**185,853**	**2,131,504**	**131,100**	**2,262,604**

(i) Includes the impact from hyperinflation on 2017 opening balances. Since 2017, the Group applies accounting for hyperinflationary economies to the Angolan subsidiaries.

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 December

in US$'000	Notes	2018	2017
Operating activities			
Profit before tax		**20,349**	**150,298**
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property and equipment	9.2, 11	359,853	382,057
Amortisation and impairment of intangible assets	9.2, 12	79,604	52,022
Gain on disposal of assets and investments	9.4	(1,188)	(3,379)
Net interest expense	9.5, 9.6	218,515	195,863
Dividend income	9.5	(3,730)	(889)
Share of net profit of associate	8.2	(6,166)	(5,625)
Provisions		(1,597)	797
Changes in value of derivative financial instruments		(112,685)	3,662
Gain on bond exchange/modification of private placement	9.5	(13,803)	(29,739)
Effect from hyperinflation adjustment	9.5	(83,988)	(17,466)
Working capital adjustments:			
(Increase)/decrease in trade, other receivables and prepayments		(347,920)	(211,668)
(Increase) in inventories		101,103	(317,417)
Increase in trade, other payables and accrued expenses		744,685	314,302
Interest received	9.5	21,517	9,242
Dividends received from associates	9.5	2,821	4,097
Income tax paid		(50,070)	(49,445)
Net cash flows from operating activities		**927,300**	**476,712**
Investing activities			
Net proceeds from sale of subsidiaries and investments	6.6	25,290	13,827
Proceeds from sale of assets		6,759	15,549
Purchase of intangible assets	12	(16,767)	(21,860)
Purchase of property and equipment	11	(262,541)	(358,725)
Cash inflows from change in consolidation method	6.5	–	31,262
Acquisitions of subsidiaries, net of cash acquired	6.3	(4,165)	(38,015)
Investments in associates and financial investments	8, 15	–	(1,623)
Dividends received	9.5	3,730	889
Net cash flows used in investing activities		**(247,694)**	**(358,696)**
Financing activities			
Loans (granted)/reimbursed	21	(453)	(25,581)
Proceeds from/(repayment of) borrowings	21	(938,824)	351,854
Proceeds from bond issuance	21	750,000	10,000
Interest paid		(238,112)	(228,992)
Divestment/(acquisition) of non-controlling interests	6.5	(8,320)	2,093
Dividends paid		(17,262)	(19,928)
Deemed distribution to shareholder		(13,587)	–
Net cash flows from/(used in) financing activities		**(466,558)**	**89,446**
Net increase in cash and cash equivalents		213,048	207,462
Effects of exchange rate differences		(87,755)	(23,915)
Cash and cash equivalents at 1 January	18	519,203	335,656
Cash and cash equivalents at 31 December	18	**644,496**	**519,203**

1. Corporate information

Puma Energy Holdings Pte Ltd (the 'Company') was incorporated in Singapore as a private company limited by shares on 2 May 2013. The registered office of the Company is 1 Marina Boulevard #28-00, One Marina Boulevard, Singapore 018989.

The principal business activities of the Company and its subsidiaries (the 'Group') are the ownership and operation of storage facilities for, and the sale and distribution of, petroleum products.

The Group is owned by Trafigura PE Holding Ltd (49.41%), Sonangol Holdings Lda (27.99%), Cochan Holdings LLC (15.48%) and other investors (7.12%).

2. Accounting methods

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value and those inventories that qualify for fair value accounting using the IAS 2 *Inventories* exemption.

The Group had current assets of US$2,880 million and current liabilities of US$3,152 million at 31 December 2018 (2017: current assets of US$2,664 million and current liabilities of US$2,910 million). Despite the fact that the Group's current liabilities exceeded the Group's current assets, the Group has access to various undrawn loan facilities as described in Note 27.2 and therefore the Group's consolidated financial statements have been prepared on a going concern basis.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group accounting policies. All intra-Group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Subsidiaries whose functional currencies have experienced a cumulative inflation rate of close to 100% over the past three years apply the rules of IAS 29 *Financial Reporting in Hyperinflationary Economies*. Gains or losses incurred upon adjusting the carrying amounts of non-monetary assets and liabilities for inflation are recognised in the income statement. The subsidiaries in Angola restate non-monetary items in the balance sheet in line with the requirements of IAS 29.

The only hyperinflationary economy applicable to the Group is Angola. The financial statements of the major subsidiaries in this country are first adjusted for the effect of inflation with any gain or loss on the net monetary position recorded in the related functional lines in the consolidated income statement and then translated into US Dollars.

2.3 Summary of significant accounting policies

a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

2. Accounting methods continued

2.3 Summary of significant accounting policies continued

At the acquisition date, the identifiable assets acquired, and the liabilities assumed, are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively.
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (e.g. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

b) Foreign currency translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in effect at the closing date of each reporting period. These items are recorded, according to their nature, either as components of finance income or finance costs in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group companies

The presentation currency of the Group is the US Dollar. Consolidated statement of financial position items are translated into US Dollars at the exchange rate applicable on the date of closure of the reporting period, and consolidated statement of income items are translated using the average exchange rate over the reporting period. Foreign exchange differences arising on translation for consolidation are recognised in other comprehensive income and included in consolidated shareholders' equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

c) Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

d) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Interest in joint operations are recorded according to IFRS 11 *Joint Arrangements*:

- Assets, including its share of any assets held jointly.
- Liabilities, including its share of any liabilities incurred jointly.
- Revenue from the sale of its share of the output arising from the joint operation.
- Share of the revenue from the sale of the output by the joint operation.
- Expenses, including its share of any expenses incurred jointly.

The results of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of IAS 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

e) Goodwill

Goodwill is measured as being the excess of the aggregate of the consideration transferred, the amount recognised for any non-controlling interest and the acquisition-date fair values of any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units (CGUs) or group of CGUs expected to benefit from the combination's synergies.

Following initial recognition, goodwill is measured at cost less any impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period. For the impairment test, see note 13.

Goodwill may also arise upon investments in associates, being the surplus of the cost of investments in associates. Goodwill is included in the carrying amount of the investment in an associate and is neither amortised nor individually tested for impairment.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised according to the straight-line method for the periods corresponding to their expected useful lives. Intangible assets are mainly comprised of software licences (useful lives ranging from three to five years) and certain long-term concession rights related to land usage (useful lives ranging from 33 to 99 years).

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. Accounting methods continued

2.3 Summary of significant accounting policies continued

g) Property and equipment

Property and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property and equipment. Land and buildings are accounted for under the cost model. Hence no revaluation is carried out, in line with IAS 16 *Property, Plant and Equipment*.

Depreciation is provided on a straight-line basis over estimated useful lives of the respective assets, taking into account the residual value. The estimated useful lives are:

Buildings	33 years
Machinery and equipment	3 to 20 years
Other fixed assets	1 to 5 years

The expected useful lives of property and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of item) is included in profit or loss in the period in which the item is derecognised.

h) Impairment of non-financial assets

The Group assesses its non-financial assets at each reporting date for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable and, as a result, charges for impairment are recognised in the Group results from time to time.

Such indicators include changes in the Group business plans, changes in commodity prices leading to sustained unprofitable performance, an increase in the discount rate, low asset utilisation, evidence of physical damage and, for petroleum-related properties, significant downward or upward revisions of estimated volumes.

The assessment for impairment entails comparing the carrying value of the asset or CGU with its recoverable amounts being the higher of fair value less costs to sell and value in use. A CGU is the smallest group of assets whose continued use generates cash inflows that are largely independent of cash inflows generated by other groups of assets. Value in use is usually determined on the basis of discounted estimated future net cash flows. When the carrying amount of an asset or a CGU exceeds the recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates and the outlook for global or regional market supply and demand conditions for petroleum products. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Goodwill and intangible assets with an indefinite useful life are subject to an annual impairment test or, more frequently, if there are indications of a loss in value.

For assets, excluding goodwill and intangible assets with an indefinite life, an assessment is made at each reporting date of whether there is an impairment and if such an indication exists, an impairment test is carried out. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Impairment losses relating to goodwill cannot be reversed in future periods.

i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets (debt instruments) at amortised cost if both of the following conditions are met:

- The financial asset is held in order to collect contractual cash flows, and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has transferred control of the asset.

When the Group has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

j) Financial liabilities
All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 21.

2. Accounting methods continued

2.3 Summary of significant accounting policies continued

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

k) Derivative financial instruments

The Group utilises derivative financial instruments (shown separately in the consolidated statement of financial position under other financial assets and other financial liabilities) to economically hedge its primary market risk exposures, primarily risks related to commodity price movements, and to a lesser extent, related to exposure to foreign currency exchange and interest rate movements. For some of these derivative transactions, the Group will enter into positions through Trafigura Pte Ltd and Trafigura Derivatives Ltd. The Group has an agreement in place with Trafigura Pte Ltd and Trafigura Derivatives Ltd whereby those derivative transactions entered into on behalf of the Group by Trafigura Pte Ltd and Trafigura Derivatives Ltd are contractually binding to the Group and therefore any gains or losses arising from such transactions are strictly for the account of the Group.

Derivatives, including separated embedded derivatives, are classified as held for trading at fair values and related gains and losses are recorded in profit or loss unless they are designated as effective hedging instruments as defined by IFRS 9 The Group does not generally apply hedge accounting as defined by IFRS9.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include: using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis; or other valuation models.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (e.g. the underlying contracted cash flows).

- Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

l) Inventory

Inventories, other than inventories held for trading purposes, are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and comprises direct purchase costs, cost of production, primary transportation and manufacturing expenses. Borrowing costs are not included in the cost of inventory.

Net realisable value of petroleum products is based on the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition.

Any write-off is recognised when the probable realisable value is lower than the net book value.

With respect to inventories held for trading purposes, the Group accounts for them at fair value less costs to sell and any changes in value are recognised in profit or loss. Trading activities include optimisation of the Group's supply cycle and the supply of petroleum products to business-to-business and wholesale clients. Further details are provided in Note 14.

m) Leases

The Group as lessee

Finance leases, which transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

n) Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

o) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Revenue is reduced for estimated customer returns, discounts and other similar allowances. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold.
- Revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

q) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised in other comprehensive income is also recognised in other comprehensive income and not in profit or loss.

Deferred tax

Deferred tax assets and liabilities are recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date and for operating loss and tax credit carry forwards. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The effect on deferred tax assets and liabilities of changes in tax rates is recognised in profit or loss in the period of the enactment of the change in tax rates.

2. Accounting methods continued

2.3 Summary of significant accounting policies continued

Tax exposure

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities and such changes to tax liabilities will impact tax expense in the period that such a determination is made.

r) Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). This is considered an equity-settled share scheme as the Company neither has a present legal nor constructive obligation to settle in cash, nor has a past practice or stated policy of settling in cash until today.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefits expense, together with a corresponding increase in equity (retained earnings), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events. Changes in these assumptions may materially affect the consolidated financial position or performance reported in future periods.

Impairment of assets

In accordance with IAS 36 *Impairment of Assets*, the Group performs an assessment at each reporting date to determine whether there are any indications of impairment at each reporting date. If indications of impairment exist, an impairment test is performed to assess the recoverable amount of the assets.

Goodwill impairment

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGU, and a suitable discount rate, in order to calculate present value. Details of the Group goodwill impairment assessment at 31 December 2018 and 2017 are described in Note 13.

Useful lives of intangible assets and property and equipment

Intangible assets and property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The useful lives are estimated by management at the time the assets are acquired and are reassessed annually, with the estimated useful lives being based on historical experience with similar assets, market conditions and future anticipated events.

In 2017 and 2018, the Group realigned the useful lives of some of its property and equipment, in line with the Group policies. The main impact related to buildings and concrete structures, which were reassessed to 33 years. This reduced depreciation expense in 2018 by US$20.6 million (2017: US$14.9 million).

Provision for expected credit losses

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience date (taking into account the ageing of trade receivables, and geographical risk as a proxy for counterparty risk), adjusted for forward-looking factors specific to the debtors and the economic environment.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Environmental costs

Costs associated with environmental remediation obligations are provided for when the Group has a present obligation and the provision can be reasonably estimated. Such provisions are adjusted as further information develops or circumstances change.

Recovery of deferred tax assets

Judgement is required in determining whether deferred tax assets should be recognised in the consolidated statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred income tax assets.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and natural gas prices, reserves, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction.

To the extent that future cash flows impacting the taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Contingencies
By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Determination of fair values in business combinations
The Group has applied estimates and judgements to determine the fair value of assets acquired and liabilities and contingent liabilities assumed by way of a business combination. The value of assets, liabilities and contingent liabilities recognised at the acquisition date are recognised at fair value. In determining fair value the Group has utilised valuation methodologies including discounted cash flow analysis market value assessments or replacement value by third parties for, in particular, acquired property and equipment. The market value of property and equipment is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The assumptions made in performing these valuations include assumptions as to discount rates, foreign exchange rates, commodity prices, the timing of development, capital costs, and future operating costs. Any significant change in key assumptions may cause the acquisition accounting to be revised including the recognition of additional goodwill or a discount on acquisition.

4. Significant events

Issuance of US$750 million Senior Notes
In January 2018, the Group issued US$750.0 million of Senior Notes, at a fixed coupon of 5.0% per annum. The new Notes will mature in 2026, and their proceeds have been used to redeem US$410.0 million outstanding under Puma Energy's 6.75% Senior Notes due 2021.

Acquisition of Total operations in Lesotho
On 28 February 2018, the Group acquired the storage and distribution business of Total in Lesotho.

Senior Credit Facility refinancing
In May 2018, the Group refinanced and extended some tranches of its Senior Credit Facility. Total liquidity available under this facility amounts to US$1.8 billion.

Sale of 20% investment in Langsat
In May 2018, the Group sold its 20% stake in two storage terminals, Langsat One and Two, in Malaysia.

Renegotiation of private placement
In May 2018, the Group restructured its EUR 200m Private Placement by extending its maturity and renegotiating the coupon.

Refinancing of shareholder loan
In August 2018, the Group extended the maturity of its US$1.5 billion loan with Trafigura Pte Ltd. This loan, which consists of a US$500 million committed revolving credit facility and a US$1.0 billion uncommitted, revolving credit facility, is expiring in September 2023.

Acquisition in Ivory Coast
In September 2018, the Group acquired 80% of the distribution activities of Petroci in Ivory Coast. In exchange, Petroci acquired a 25% stake in the storage business of Puma Energy in Ivory Coast.

The Group subsequently sold a 20% stake in Puma Energy Distribution Côte d'Ivoire Sarl.

Disposal of Peru
In November, the Group sold its operations, including a network of 26 retail sites, in Peru to Repsol Comercial SAC.

Purchase of a 25% minority interest in South Africa
In November 2018, the Group repurchased the remaining outstanding minority interest of 25% in Puma Energy South Africa (Pty) Ltd.

5. Changes in accounting standards

New and amended standards and interpretations
In 2018, the Group adopted the following new or amended standards and interpretations for the first time:

- IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (effective for annual periods beginning on or after 1 January 2018).
- IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IAS 40 *Transfers of Investment Property* (effective for annual periods beginning on or after 1 January 2018).

The adoption of these new or amended standards and interpretations did not have a material impact on the consolidated financial position or performance of the Group.
The Group applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

5. Changes in accounting standards continued

Standards issued but not yet effective

The standards and interpretations that have been issued or amended but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt the following standards, interpretations and amendments when they become effective, to the extent they are relevant to the Group.

- IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2019).
- IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments* (effective 1 January 2019).
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between and Investor and its Associate or Joint Venture* (effective date to be determined by the IASB).
- Amendments to IFRS 9 *Prepayments Features with Negative Compensation* (effective for annual periods on or after 1 January 2019)

With the exception of IFRS 16 *Leases*, for which the impact is still being assessed, the adoption of these issued or amended standards and interpretations is not expected to have a material impact on the consolidated financial position or performance of the Group.

6. Business combinations and acquisition of non-controlling interests

6.1a Subsidiaries acquired in 2018

The following table summarises those subsidiaries acquired in 2018:

Subsidiaries acquired	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %
Total, Lesotho	Fuel marketing and distribution	28 February 2018	100%
Petroci, Ivory Coast	Fuel marketing and distribution	19 September 2018	80%

6.1b Subsidiaries acquired in 2017

The following table summarises those subsidiaries acquired in 2017:

Subsidiaries acquired	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %
BP Northern Ireland, storage business	Fuel storage	1 February 2017	100%
Tropifuels SA	Fuel marketing and distribution	31 July 2017	100%
Admore Gas (Private) Ltd	Fuel marketing and distribution	1 November 2017	51%
Rutile Investments Ltd	Fuel supply	19 December 2017	100%

6.2a Assets and liabilities recognised at date of acquisition in 2018

The provisional fair value of the identifiable assets and liabilities of the entities acquired at the date of acquisition was:

in US$'000	Downstream segment(i)	**Total**
Assets		
Cash and cash equivalents	1,335	1,335
Other current assets	1,429	1,429
Property and equipment (Note 11)	21,395	21,395
Other long-term assets	580	580
Liabilities		
Trade and other payables	(1,461)	(1,461)
Other non-current liabilities	(525)	(525)
Total identifiable net assets acquired at fair value	**22,753**	**22,753**
Non-controlling interest measured at the proportionate share of the acquiree's net assets	(3,819)	(3,819)
Net assets acquired	**18,934**	**18,934**
Goodwill arising on acquisition	1,842	1,842
Gain on business combination	(9,536)	(9,536)
Purchase consideration	**11,240**	**11,240**

(i) Includes the acquisitions of Total's operations in Lesotho and Petroci in Ivory Coast.

The goodwill recognised on these acquisitions reflects the expected revenue growth, synergies and optimised supply. None of the goodwill recognised is expected to be deductible for tax purposes.

Transaction costs of US$0.7 million have been expensed (included in selling and operating costs) and are part of the operating cash flows in the consolidated statement of cash flows.

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6. Business combinations and acquisition of non-controlling interests continued

6.2b Assets and liabilities recognised at date of acquisition in 2017

The fair value of the identifiable assets and liabilities of the entities acquired at the date of acquisition was:

in US$'000	Midstream segment(i)	Downstream segment(ii)	Total
Assets			
Cash and cash equivalents	–	27,888	27,888
Other current assets	–	2,864	2,864
Property and equipment (Note 11)	22,006	24,974	46,980
Intangibles (Note 12)	3,921	1,243	5,164
Other long-term assets	–	626	626
Liabilities			
Trade and other payables	–	(26,146)	(26,146)
Other current liabilities	–	(11,367)	(11,367)
Other non-current liabilities	–	(7,444)	(7,444)
Total identifiable net assets acquired at fair value	**25,927**	**12,638**	**38,565**
Non-controlling interest measured at the proportionate share of the acquiree's net assets	–	(6,780)	(6,780)
Net assets acquired	**25,927**	**5,858**	**31,785**
Goodwill arising on acquisition	–	37,349	37,349
Purchase consideration	**25,927**	**43,207**	**69,134**

(i) Includes the acquisition of BP in Northern Ireland.
(ii) Includes the acquisition of Tropifuels in Panama, Rutile Investments in Africa and Admore in Pakistan.

The goodwill recognised on these acquisitions reflects the expected revenue growth, synergies, and optimised supply. None of the goodwill recognised is expected to be deductible for tax purposes.

Transaction costs of US$1.3 million have been expensed (included in selling and operating costs) and are part of the operating cash flows in the consolidated statement of cash flows.

6.3 Cash flow on acquisitions

6.3a Cash flow on acquisitions in 2018

The cash flow on acquisitions made in 2018 is summarised below:

in US$'000	Downstream segment(i)	Total
Purchase consideration	(11,240)	(11,240)
Cash and cash equivalent acquired	1,335	1,335
Assets contributed	5,740	5,740
Net cash outflow	**(4,165)**	**(4,165)**

(i) Includes the acquisitions of Total's operations in Lesotho and Petroci in Ivory Coast. The acquisition of Petroci was done through a contribution in kind, with no cash outflow.

6.3b Cash flow on acquisitions in 2017

The cash flow on acquisitions made in 2017 is summarised below:

in US$'000	Midstream segment(i)	Downstream segment(ii)	Total
Purchase consideration	(25,927)	(43,207)	(69,134)
Cash and cash equivalent acquired	–	27,888	27,888
Deferred purchase consideration	–	682	682
Prepayment made in 2016	2,549	–	2,549
Net cash outflow	**(23,378)**	**(14,637)**	**(38,015)**

(i) Includes the acquisition of BP in Northern Ireland.
(ii) Includes the acquisition of Tropifuels in Panama, Rutile Investments in Africa and Admore in Pakistan.

6.4 Pro forma impact of acquisitions on the results of the Group

6.4a Pro forma impact of 2018 acquisitions on the results of the Group

None of the businesses acquired during 2018 had a material impact on sales and operating profit of the Group.

6.4b Pro forma impact of 2017 acquisitions on the results of the Group

None of the businesses acquired during 2017 had a material impact on sales and operating profit of the Group.

6.5 Non-controlling interests acquired

6.5a Non-controlling interests acquired in 2018

in US$'000	Midstream segment(i)	Downstream segment(ii)	Total
Increase/(decrease) in non-controlling interests	**(1,454)**	**17,827**	**16,373**
Change in retained earnings from non-controlling interest purchased	–	(17,581)	(17,581)
Loan granted/assets contributed	1,454	(9,284)	(7,830)
Foreign currency effects	–	717	717
Purchase consideration	**–**	**(8,321)**	**(8,321)**

(i) Includes a reduction in share capital at AS Alexela Logistics.
(ii) Includes the repurchase of a 25% stake in Puma Energy South Africa Pty Ltd, the sale of a 20% stake in Puma Energy Distribution Côte d'Ivoire Sarl and the contribution of 25% of our Puma Energy Côte d'Ivoire SA operations in exchange of an 80% stake in the Petroci retail network.

6.5b Non-controlling interests acquired in 2017

During 2017, the Group assessed that it effectively held control over National Energy Puma Aviation Services Co Ltd in Myanmar, and started to consolidate this subsidiary. The fair value of the identifiable assets and liabilities at the date of consolidation were:

in US$'000	Downstream segment(i)	Total
Assets		
Cash and cash equivalents	31,262	31,262
Other current assets	8,582	8,582
Property and equipment (Note 11)	50,471	50,471
Liabilities		
Trade and other payables	(13,821)	(13,821)
Total identifiable net assets at fair value	**76,494**	**76,494**
Changes in non-controlling interests	(39,012)	(39,012)
Restatement of investment in associates (Note 8)	**(37,482)**	**(37,482)**

(i) Includes the assets and liabilities of National Energy Puma Aviation Services Co Ltd in Myanmar, at the date of consolidation.

6.6 Sale of assets and investments

During 2018, the Group disposed of the following subsidiaries and investments.

in US$'000	Midstream segment(i)	Downstream segment(ii)	Total
Assets			
Cash and cash equivalents	–	(733)	(733)
Inventories	–	(308)	(308)
Receivables	–	(18,327)	(18,327)
Property and equipment (Note 11)	–	(4,465)	(4,465)
Investments in associates (Note 8)	(11,764)	–	(11,764)
Loan receivables	(8,276)	–	(8,276)
Goodwill and intangible assets	–	(7,338)	(7,338)
Other long-term assets	–	(2,033)	(2,033)
Liabilities			
Trade and other payables	–	19,643	19,643
Other current liabilities	–	9,797	9,797
Non-current liabilities	–	270	270
Total of assets disposed of	**(20,040)**	**(3,494)**	**(23,534)**
Accumulated translation gains/(losses)	(3,994)	456	(3,538)
(Gain)/loss on disposal	29	(481)	(452)
Sales proceeds	**24,005**	**3,519**	**27,524**

(i) Includes the disposal of a 20% stake in Langsat (One) and (Two).
(ii) Includes the disposal of Puma Energy's operations in Peru.

in US$'000	Midstream segment(i)	Downstream segment(ii)	Total
Sales proceeds	24,005	3,285	27,290
Amount in escrow account	–	(2,000)	(2,000)
Net cash inflow	**24,005**	**1,285**	**25,290**

(i) Includes the disposal of a 20% stake in Langsat (One) and (Two).
(ii) Includes the disposal of Puma Energy's operations in Peru.

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7. Segment and geographic information
7.1 Segment information

For management purposes, the Group is organised into business units based on products and services and has two reportable segments as follows:

- Midstream business activities that include refining and storage of oil and gas products internationally.
- Downstream business activities that include distribution, wholesale and retail sales of refined products.

No operating segments have been aggregated to form the above reportable operating segments.

The Group Executive Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Transfer prices between operating segments are based on terms determined by the Group's management.

Year ended 31 December 2018

in US$'000	Downstream	Midstream	Total
Revenues from contracts with customers	17,378,326	542,561	17,920,887
Gross profit	**1,285,363**	**174,193**	**1,459,556**
Selling and operating costs[i]	(1,000,837)	(123,331)	(1,124,168)
General and administrative expenses	(199,509)	(11,645)	(211,154)
Other operating income/(expenses), net	(6,803)	(1,464)	(8,267)
Share of net profits of associates	3,406	2,760	6,166
Operating profit	**81,620**	**40,513**	**122,133**
Finance income			137,003
Finance costs			(248,481)
Net foreign exchange losses			9,694
Profit before tax			**20,349**
Total non-current assets (excluding other financial, deferred tax and other assets)	3,794,073	677,587	4,471,660
Total current assets	2,759,981	119,675	2,879,656
Total current liabilities	3,075,917	75,818	3,151,735

(i) Selling and operating costs include an impairment charge of US$85.7 million, entirely attributable to the Downstream segment.

Year ended 31 December 2017

in US$'000	Downstream	Midstream	Total
Revenues from contracts with customers	14,638,148	543,154	15,181,302
Gross profit	**1,445,298**	**226,509**	**1,671,807**
Selling and operating costs[i]	(1,008,610)	(146,741)	(1,155,351)
General and administrative expenses	(187,209)	(12,263)	(199,472)
Other operating income/(expenses), net	(3,759)	3,135	(624)
Share of net profits of associates	3,008	2,617	5,625
Operating profit	**248,728**	**73,257**	**321,985**
Finance income			57,336
Finance costs			(227,148)
Net foreign exchange losses			(1,875)
Profit before tax			**150,298**
Total non-current assets (excluding other financial, deferred tax and other assets)	4,398,543	718,945	5,117,488
Total current assets	2,447,784	216,059	2,663,843
Total current liabilities	2,736,368	173,435	2,909,803

(i) Selling and operating costs include an impairment charge of US$39.8 million, of which US$31.8 million is attributable to the Downstream segment.

Selling and operating costs and general and administrative expenses that are not specifically linked to a segment operating entity are allocated on a pro-rata basis according to the relative weighting of gross profit for each segment.

Finance income/(costs), net foreign exchange losses and income tax expenses are not allocated as they do not relate to a specific segment and are managed on a Group basis. These accounts do not form part of the review of the operating segment performance monitored by management.

7.2 Geographic information

The Group is organised in four main regions:

- Americas (mainly composed of Latin America and Caribbean)
- Asia-Pacific (including Middle East and Australia)
- Africa
- Europe (including Russia)

	2018		2017	
in K m³ (unaudited)	**Downstream**	**Midstream**	Downstream	Midstream
Throughput volumes (Midstream)				
Americas	–	612	–	523
Asia-Pacific	–	5,249	–	5,499
Africa	–	3,294	–	3,909
Europe	–	5,934	–	6,703
Total	**–**	**15,089**	**–**	**16,634**
Sales volumes (Downstream and Midstream)				
Americas	9,158	–	8,839	–
Asia-Pacific	5,434	616	4,260	857
Africa	6,973	–	6,552	13
Europe	2,643	–	2,273	–
Total	**24,208**	**616**	**21,924**	**870**

Year ended 31 December 2018

in US$'000	Americas	Asia-Pacific	Africa	Europe	**Total**
Revenues from contracts with customers	5,492,874	4,796,015	5,211,045	2,420,953	17,920,887
Gross profit	**492,899**	**424,262**	**460,700**	**81,695**	**1,459,556**
Selling and operating costs	(281,884)	(442,667)	(314,484)	(85,133)	(1,124,168)
General and administrative expenses	(41,957)	(60,446)	(100,714)	(8,037)	(211,154)
Other operating income/(expenses), net	10,863	(9,404)	(4,645)	(5,081)	(8,267)
Share of net profits of associates	1,372	2,294	2,258	242	6,166
Operating profit	**181,293**	**(85,961)**	**43,115**	**(16,314)**	**122,133**
Total non-current assets (excluding other financial, deferred tax and other assets)	**1,029,597**	**1,601,969**	**1,565,580**	**274,514**	**4,471,660**

Year ended 31 December 2017

in US$'000	Americas	Asia-Pacific	Africa	Europe	**Total**
Revenues from contracts with customers	4,734,741	3,571,425	4,875,745	1,999,391	15,181,302
Gross profit	**538,416**	**446,101**	**603,067**	**84,223**	**1,671,807**
Selling and operating costs	(319,837)	(367,237)	(394,727)	(73,550)	(1,155,351)
General and administrative expenses	(44,697)	(51,598)	(94,385)	(8,792)	(199,472)
Other operating income/(expenses), net	12,034	(878)	(13,800)	2,020	(624)
Share of net profits of associates	1,445	4,340	1,121	(1,281)	5,625
Operating profit	**187,361**	**30,728**	**101,276**	**2,620**	**321,985**
Total non-current assets (excluding other financial, deferred tax and other assets)	1,025,389	1,827,986	1,962,849	301,264	5,117,488

Selling and operating costs and general and administrative expenses that are not specifically linked to an operating region are allocated on a pro-rata basis according to the relative weighting of gross profit for each region.

The Group has no material commercial operations and no material non-current assets in its country of incorporation, Singapore.

Non-current assets for this purpose consist of investments in associates, property and equipment, intangible assets and goodwill (Notes 8, 11 and 12).

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8. Investments in associates
The following table summarises the Group's investments in associates for the years ended 31 December 2018 and 2017. None of the entities included below is listed on any public exchange.

8.1 List of investments

Associate name	Activity	Location	Proportion of voting interests held at 31 December 2018 %	2017 %
Empresa Cubana de Gas	Fuel marketing	Caribbean	50%	50%
Puma Energy Belfast Ltd	Storage	United Kingdom	50%	50%
Emoil Petroleum Storage FZCO	Storage	United Arab Emirates	20%	20%
Langsat Terminal (One) Sdn Bhd(i)	Storage	Malaysia	–	20%
Langsat Terminal (Two) Sdn Bhd(i)	Storage	Malaysia	–	20%
Oil Malal SA	Storage	Chile	33%	33%
Sakunda Petroleum (Pvt) Ltd	Fuel marketing	Zimbabwe	49%	49%
Fuel Distributors of Western Australia Pty Ltd	Fuel supply and cartage	Australia	50%	50%
Bitumen Storage Services (WA) Pty Ltd (Australia)	Storage	Australia	50%	50%
Phoenix Petroleum Pty Ltd(ii)	Fuel supply and cartage	Australia	–	50%
Phoenix Petroleum Unit Trust(ii)	Fuel supply and cartage	Australia	–	50%
RAM Petroleum (Pvt) Ltd	Fuel supply	Zimbabwe	48%	48%
High Heat Tankers Pte. Ltd.	Shipping of high heat liquid products	Singapore	50%	–

(i) The Group disposed of its investments in Langsat Terminal (One) and (Two) during 2018.
(ii) Phoenix Petroleum Pty Ltd and Phoenix Petroleum Unit Trust have been liquidated during 2018.

8.2 Associates summarised financial information
The following table illustrates summarised financial information of the Group's investments in associates, which apply the same reporting dates and periods as the Group:

in US$'000	2018	2017
Associates' assets and liabilities		
Current assets	106,869	112,653
Non-current assets	97,746	200,488
Current liabilities	(62,963)	(69,601)
Non-current liabilities	(54,991)	(54,991)
Equity	**86,661**	**139,474**
Carrying amount of the investments	**39,932**	**49,204**
Associates' revenues and net profits (all from continuing operations):		
Revenues	475,216	310,591
Profits net of tax	17,167	20,960
Group's share of net profits of associates	**6,166**	**5,625**

9. Consolidated statement of income

9.1 Net sales

in US$'000	2018	2017
Net sales of goods	17,479,964	14,696,437
Rendering of services	440,923	484,865
Revenue from contracts with customers	**17,920,887**	**15,181,302**

Sales of goods are net of any sales taxes, value-added taxes, petroleum taxes and discounts.

9.2 Selling and operating costs

in US$'000	2018	2017
Employee benefit expenses	(193,466)	(191,898)
Operating expenses	(491,245)	(529,374)
Depreciation (Note 11)	(317,508)	(356,816)
Amortisation (Note 12)	(36,213)	(37,425)
Impairment (Notes 11/12)[(i)]	(85,736)	(39,838)
Total selling and operating costs	**(1,124,168)**	**(1,155,351)**

(i) The line impairment includes the write-down of various tangible and intangible assets, including the goodwill on our operations in Pakistan and Nigeria.

9.3 General and administrative expenses

in US$'000	2018	2017
Employee benefit expenses	(112,646)	(126,305)
Operating expenses	(98,508)	(73,167)
Total general and administrative expenses	**(211,154)**	**(199,472)**

9.4 Other operating income/(expenses)

in US$'000	2018	2017
Gains on disposal of assets and investments	1,188	3,379
Other non-operating income	7,824	16,304
Total other operating income	**9,012**	**19,683**

in US$'000	2018	2017
Provision for doubtful accounts	(2,551)	(3,511)
Movements in other provisions	(8,641)	(9,990)
Foreign exchange losses on operations	(6,087)	(5,300)
Other expenses	–	(1,506)
Total other operating expenses	**(17,279)**	**(20,307)**

9.5 Finance income

in US$'000	2018	2017
Interest income on other loans and finance lease receivables	22,784	9,242
Dividend income	3,730	889
Gain on hyperinflation	83,988	17,466
Gain on bond exchange/modification of private placement	13,803	29,739
Gain on financial instruments at FVTPL	12,698	–
Total finance income	**137,003**	**57,336**

9.6 Finance costs

in US$'000	2018	2017
Interest on loans and borrowings from third parties[(ii)]	(240,776)	(203,991)
Interest on loans and borrowings from related parties	(523)	(1,114)
Unwinding of discount	(1,354)	(1,935)
Other financial costs	(5,828)	(20,108)
Total finance costs	**(248,481)**	**(227,148)**

(ii) The line interest expense includes US$6.9 million of fees paid to redeem the remaining US$410 million of 2021 Senior Notes outstanding.

9.7 Net foreign exchange gains/(losses)

in US$'000	2018	2017
Financial FX gains/(losses)	(16,401)	(1,875)
Net gain/(loss) on FX derivatives	26,095	–
Net foreign exchange gains/(losses)	**9,694**	**(1,875)**

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10. Income tax
10.1 Current income tax expense

The major components of income tax expense for the years ended 31 December 2018 and 2017 were:

in US$'000	**2018**	2017
Current income tax		
Current income tax charge	49,713	48,186
Adjustments in respect of current income tax of previous year	3,203	(1,583)
Current income tax	52,916	46,603
Deferred tax		
Relating to origination and reversal of temporary differences	(5,798)	(11,276)
Withholding tax		
Applicable withholding tax in the current year	4,213	6,549
Income tax expense reported in the consolidated statement of income	**51,331**	**41,876**

10.2 Income tax recognised directly in other comprehensive income

Income tax totalling US$(0.3) million (2017: US$(0.4) million) was recognised directly in other comprehensive income. The entire amount recognised related to the actuarial losses recognised during the year from the Group's various defined benefit plans.

10.3 Reconciliation of accounting profit to income tax expense

The Group's effective tax rate differs from the Company's statutory income tax rate in Singapore, which was 17% in 2018 (2017: 17%) due to the Group operating in several jurisdictions. A reconciliation between tax expense and the product of accounting profit multiplied by the Group's statutory blended income tax rate of jurisdictions the Group operates in for the years ended 31 December 2018 and 2017 was as follows:

in US$'000	**2018**	2017
Accounting profit before Income tax	**20,349**	**150,298**
Share of net profits in associates	(6,166)	(5,624)
Accounting profit before tax net of share of net profits in associates	**14,183**	**144,674**
Income tax expense at expected statutory rate	(29,786)	(36,601)
Permanent differences		
Non-deductible expenses	(30,546)	(45,289)
Other non-taxable income	3,850	5,520
Capital Gains or Losses	8	8
Income exempt or subject to specific tax holidays	6,423	45,007
Other permanent differences	(8,687)	13,959
Adjustment for countries not based on net taxable income	27,462	(8,724)
Adjustments recognised in the current year in relation to current income tax of previous years	(3,203)	1,583
Adjustments recognised in the current year in relation to deferred income tax of previous years	(1,989)	2,083
Impact of rate differences on deferred tax items	(1,728)	720
Effect of unrecognised and unused tax losses not recognised as deferred tax assets	(3,751)	(10,032)
Withholding tax	(4,213)	(6,549)
Minimum tax and surtax	(3,465)	(4,257)
Rate difference impacts	(327)	(72)
Other adjustments	(1,379)	768
At the effective income tax rate of 252% (2017: 28%)	**(51,331)**	**(41,876)**

(i) Income exempt or subject to specific tax holidays is mainly the result from tax-specific incentives granted by certain national authorities to the Group given certain investments made by the Group that resulted in the development of local infrastructure.

The Group operates in a multitude of jurisdictions and adheres to applicable local and international tax law in the countries in which it operates, including legislation on transfer pricing. The Group's tax policy is to pay appropriate tax according to work carried out in each jurisdiction, as determined by a functional analysis of operations using standard measures wherever possible, underpinned by reports prepared to fulfil local transfer pricing requirements. The Group's effective tax rate – the average rate at which consolidated pre-tax profits are taxed – varies from year to year according to circumstances, but in 2018 it was 252.25% (2017: 27.86%). The difference in effective tax rate between the two years is explained, by non-recognition of deferred tax assets relating to tax loss carry forwards.

10.4 Current tax assets and liabilities

Current income taxes are computed on the profit before tax presented in the consolidated statement of income adjusted to taxable profit in accordance with local tax legislation.

Current tax assets relate to overpaid income tax. Current tax liabilities relate to income tax payable.

10.5 Deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following:

	Consolidated statement of financial position		Consolidated statement of income	
in US$'000	**2018**	2017	**2018**	2017
Accelerated depreciation for tax purposes	(25,922)	(30,500)	(400)	1,418
Revaluations	(30,682)	(41,160)	(4,795)	(4,232)
Losses	126,470	146,893	(27,370)	(9,690)
Other temporary differences	(14,768)	(23,742)	25,884	1,228
Deferred tax expense/(income)			**(6,681)**	**(11,276)**
Deferred tax assets/(liabilities), net	**55,098**	**51,491**		
Reflected in the consolidated statement of financial position as follows:				
Deferred tax assets	109,940	113,723		
Deferred tax liabilities	(54,842)	(62,232)		
Deferred tax assets/(liabilities), net	**55,098**	**51,491**		

Reconciliation of net deferred tax assets/(liabilities)

in US$'000	**2018**	2017
Opening balance at 1 January	51,491	40,995
Tax income recognised in profit or loss during the year	6,717	12,889
Change in tax rate recognised in profit or loss during the year	481	(1,613)
Transfers	(1,401)	(379)
Other movements during the year	(2,190)	(401)
Closing balance at 31 December	**55,098**	**51,491**

At 31 December 2018, the Group had unrecognised tax loss carry forwards amounting to US$240.8 million (2017: US$166.0 million). These losses relate to subsidiaries that have had historical losses, which have an expiry date of more than four years. These losses may not be used to offset taxable income elsewhere in the Group and where the subsidiaries have no taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

At 31 December 2018, the Group had unrecognised other temporary differences amounting to US$0.9 million (2017: US$1.0 million). These temporary differences have no expiry date. If the Group was able to recognise all unrecognised deferred tax assets, profit would increase by US$56.9 million (2017: US$45.5 million).

10.6 Tax uncertainties

The Group operates in numerous jurisdictions worldwide resulting in cross-border intercompany transactions whereby the transfer pricing rules applied in one country have an impact on the results in another country. Due to complexity of tax rules, interpretation by local taxing authorities can differ from the Group's interpretation based on opinions provided by local tax counsel.

In countries where the Group starts new operations or alters business models, the issue of having a permanent establishment and profit allocation thereto may arise. The risk is that tax authorities in multiple jurisdictions claim taxation rights over the same profit.

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11. Property and equipment

in US$'000	Land and buildings	Machinery and equipment	Motor vehicles	Office and IT equipment	Fixed assets in progress	**Total**
Cost						
At 1 January 2017	1,186,306	2,624,328	156,934	85,815	431,912	4,485,295
Additions(i)	51,532	213,553	14,538	7,658	71,444	358,725
Sale of interest in subsidiary	(391)	(16,533)	1	(2,024)	(6)	(18,953)
Disposals	(7,783)	(10,389)	(9,132)	(1,634)	(91)	(29,029)
Acquisitions of subsidiaries (Note 6.2)	9,061	33,527	695	2,587	1,110	46,980
Write-offs	(121)	(2,283)	(147)	(2,181)	–	(4,732)
Reclassifications	45,407	298,471	4,471	3,059	(363,076)	(11,668)
Exchange adjustment(i)	182,743	255,413	9,957	5,944	3,834	457,891
Other movements	5,477	39,184	5,563	162	12,950	63,336
At 31 December 2017	**1,472,231**	**3,435,271**	**182,880**	**99,386**	**158,077**	**5,347,845**
Additions	52,598	77,744	15,262	7,019	109,918	262,541
Sale of interest in subsidiary	(4,345)	(273)	(93)	(79)	–	(4,790)
Disposals	(7,133)	(19,947)	(11,415)	(3,230)	(261)	(41,986)
Acquisitions of subsidiaries (Note 6.2)	15,375	4,363	–	116	1,541	21,395
Write-offs	(2,022)	(29,804)	(856)	(1,261)	–	(33,943)
Reclassifications	31,207	100,475	6,071	953	(145,614)	(6,908)
Exchange adjustment, other(i)	(212,555)	(342,840)	(17,914)	(6,745)	(12,330)	(592,384)
At 31 December 2018	**1,345,356**	**3,224,989**	**173,935**	**96,159**	**111,331**	**4,951,770**
Depreciation and impairment						
At 1 January 2017	(265,644)	(795,933)	(54,018)	(40,867)	–	(1,156,462)
Depreciation (Note 9.2)	(74,662)	(241,990)	(23,674)	(16,490)	–	(356,816)
Sale of interest in subsidiary	(11)	154	(1)	231	–	373
Disposals	674	6,576	6,397	1,443	–	15,090
Impairment (Note 9.2)	(5,039)	(20,129)	(11)	(62)	–	(25,241)
Write-offs	121	2,283	147	2,181	–	4,732
Exchange adjustment, other(i)	(92,414)	(99,732)	(3,974)	(2,444)	–	(198,564)
Change in consolidation method (Note 6.5)	(388)	(12,100)	(439)	62	–	(12,865)
Other movements	(1,222)	(453)	(1,384)	(609)	–	(3,668)
At 31 December 2017	**(438,585)**	**(1,161,324)**	**(76,957)**	**(56,555)**	**–**	**(1,733,421)**
Depreciation (Note 9.2)	(50,619)	(228,008)	(21,712)	(17,169)	–	(317,508)
Sale of interest in subsidiary	192	13	43	76	–	324
Disposals	3,945	18,725	11,199	3,286	–	37,155
Impairment (Note 9.2)	(18,728)	(18,439)	(4,145)	(1,033)	–	(42,345)
Write-offs	2,022	29,804	856	1,261	–	33,943
Exchange adjustment, other(i)	102,614	113,958	7,749	5,007	(526)	228,802
At 31 December 2018	**(399,159)**	**(1,245,271)**	**(82,967)**	**(65,127)**	**(526)**	**(1,793,050)**
Net book value						
At 31 December 2018	946,197	1,979,718	90,968	31,032	110,805	3,158,720
At 31 December 2017	1,033,646	2,273,947	105,923	42,831	158,077	3,614,424

(i) Includes the impact from hyperinflation adjustment in Angola, for a net amount of US$74.2 million (2017: US$158.2 million).

Certain items included in property and equipment are pledged as collateral for the third-party loans granted to certain of the Group's affiliates amounting to US$52 million (2017: US$57 million). The Group does not hold any property for investment purposes.

Exchange rate adjustments reflect the translation effects from movements in foreign currencies against the US Dollar. All property, plant and equipment is valued at historic cost, and no revaluations are made, in line with Group policy.

12. Intangible assets and goodwill

in US$'000	Goodwill	Licences	Other intangibles(i)	Total
Cost or valuation				
At 1 January 2017	986,161	74,367	414,280	1,474,808
Acquisitions/disposals of subsidiaries (Note 6.2)	37,349	22	5,142	42,513
Additions	–	13,670	8,190	21,860
Sale of interest in subsidiary	–	–	(3,999)	(3,999)
Disposals	–	(1,274)	(229)	(1,503)
Exchange adjustment	52,903	3,081	40,592	96,576
Reclassifications	–	1,161	10,507	11,668
Write-offs	–	–	(1,140)	(1,140)
Other movements	–	134	1,818	1,952
At 31 December 2017	**1,076,413**	**91,161**	**475,161**	**1,642,735**
Acquisitions of subsidiaries (Note 6.2)	1,842	–	–	1,842
Additions	–	11,884	4,883	16,767
Sale of interest in subsidiary (Note 6.6)	(5,411)	(117)	(2,343)	(7,871)
Disposals	–	(677)	(2,100)	(2,777)
Exchange adjustment, other(ii)	(75,490)	(4,774)	(51,558)	(131,822)
Reclassifications	–	2,577	4,331	6,908
Write-offs	–	(123)	(8,307)	(8,430)
At 31 December 2018	**997,354**	**99,931**	**420,067**	**1,517,352**
Amortisation				
At 1 January 2017	(15,954)	(40,670)	(76,093)	(132,717)
Amortisation charge for the year (Note 9.2)	–	(10,471)	(26,954)	(37,425)
Impairment (Note 9.2)	(10,034)	–	(4,563)	(14,597)
Disposals	–	1,253	95	1,348
Exchange adjustment, other(i)	–	(978)	(6,756)	(7,734)
Write-offs	–	–	1,140	1,140
Other movements		(568)	1,678	1,110
At 31 December 2017	**(25,988)**	**(51,434)**	**(111,453)**	**(188,875)**
Amortisation charge for the year (Note 9.2)	–	(10,685)	(25,528)	(36,213)
Impairment (Note 9.2)	(41,114)	(133)	(2,144)	(43,391)
Sale of interest in subsidiary (Note 6.6)	–	101	432	533
Disposals	–	673	1,318	1,991
Exchange adjustment, other(ii)	–	4,310	8,871	13,181
Write-offs	–	123	8,307	8,430
At 31 December 2018	**(67,102)**	**(57,045)**	**(120,197)**	**(244,344)**
Net book value:				
At 31 December 2018	930,252	42,886	299,870	1,273,008
At 31 December 2017	1,050,425	39,727	363,708	1,453,860

(i) Other intangible assets mainly include assets and land held under long-term lease agreements, as well as various intangible assets such as supply rights, or concessions.
(ii) Includes the impact from hyperinflation adjustment in Angola, for a net amount of US$8.6 million (2017: US$27.0 million).

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13. Impairment testing of goodwill and intangible assets with indefinite lives
Goodwill acquired through business combinations and intangible assets with indefinite lives have been allocated to two cash-generating units (CGUs), which are also operating and reportable segments, for impairment testing as follows:

- Midstream CGU.
- Downstream CGU.

The carrying amount of goodwill (other than goodwill relating to discontinued operations) was allocated to CGUs as follows:

in US$'000	**2018**	2017
Midstream unit	41,170	41,360
Downstream unit(i)	889,082	1,009,065
Total carrying amount of goodwill	**930,252**	**1,050,425**

(i) During the year, the Group took an impairment of US$41.1 million on goodwill, related to operations in Nigeria and Pakistan. The P&L impact of these impairments is detailed in Note 9.2.

Midstream CGU:
The Midstream CGU relates to entities with refining and storage facilities. The recoverable amounts of the net assets tested under this cash-generating unit have been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period, and an average pre-tax discount rate of 8.27% per annum (2017: 7.44%). The discount rate is calculated as a weighted average cost of capital, based on the implied yield on the Group's Senior Notes, and a cost of equity for each country.

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a continuous 1.0% per annum growth rate (2017: 1.0%).

Downstream CGU:
The Downstream CGU pertains to entities that include distribution of refined oil and gas products. The recoverable amount of the net assets tested under this CGU have been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period, and an average pre-tax discount rate of 8.26% per annum (2017: 7.35%). The discount rate is calculated as a weighted average cost of capital, based on the implied yield on the Group's Senior Notes, and a cost of equity for each country.

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 2.0% per annum growth rate (2017: 2.0%).

13.1 Key assumptions used in value in use calculations
Gross profits – Gross profits are based on average values achieved in the three years preceding the start of the budget period, adjusted for any new investments or change in market dynamics. These are volume-driven and are increased over the budget period according to the expected gross domestic product growth and applicable local petroleum regulations of each country where the units operates.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital. The weighted average cost of capital takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on its Interest-bearing loans and borrowings that the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on management's knowledge of the particular markets in which it operates.

Petroleum product prices – Forecasted commodity prices are publicly available.

Market share assumptions – These assumptions are important because, as well as using industry data for growth rates (as noted below), management assesses how the unit's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the petroleum product market to be stable over the budget period.

Growth rate estimates – Rates are based on management's estimates.

13.2 Sensitivity to changes in assumptions
The recoverable value calculations are very sensitive to changes in the assumptions used, including growth rates, discount rates, and market share assumptions. Small changes in these assumptions may result in an impairment loss to be taken for certain CGUs and could materially impact the Group's financial positions.

The Group monitors these factors closely and tests for impairment at each reporting date.

14. Inventories

in US$'000	**2018**	2017
Petroleum inventories at fair value(i)	204,770	279,534
Petroleum product inventories at lower of cost and net realisable value, net	689,696	790,883
Merchandise inventories, net	15,196	17,560
Total inventories, net	**909,662**	**1,087,977**

(i) As indicated in Note 2.3.l, inventories held for trading purposes are stated at fair value less costs to sell and any changes in net fair value are recognised in profit or loss. Certain of the Group's subsidiaries engage in commodity trading activities for which the exemption stipulated in IAS 2 *Inventories for commodity broker-traders* applies. Trading activities undertaken include optimisation of the Group's supply cycle and the supply of petroleum products to business-to-business and wholesale clients.

The cost of inventories recognised in cost of sales in 2018 amounted to US$16,135 million (2017: US$13,176 million).

15. Other financial assets

in US$'000	**2018**	2017
Financial assets carried at fair value through profit or loss(i)	106,972	27,000
Finance lease receivable(ii)	3,255	4,031
Loans to other entities(iii)	43,057	54,066
Financial assets (equity) at fair value through OCI(iv)	18,933	19,733
AFS financial assets(v)	5,440	26,971
Total other financial assets	**177,657**	**131,800**
Of which due from related parties (Note 25)	23,794	8,968
Current	89,018	36,031
Non-current	88,639	95,769
	177,657	**131,800**

(i) All held for trading derivatives are swaps and commodity futures.
(ii) The Group has a finance lease arrangement for petroleum storage equipment.
(iii) The Group makes a limited number of loans to third and related parties. Management believes that none of these loans should be impaired.
(iv) Includes the investment in APN Retail Property Fund in Australia.
(v) Includes the investment in a storage company, and debt securities.

16. Other assets

in US$'000	**2018**	2017
Prepayments, deposits and guarantees(i)	152,363	180,953
Other tax receivables(ii)	269,694	195,007
Other receivables	85,956	93,283
Total other assets	**508,013**	**469,243**
Of which due from related parties (Note 25)	7,278	13,517
Current	386,294	347,375
Non-current	121,719	121,868
	508,013	**469,243**

(i) Prepayments, deposits and guarantees mainly include payments made for the purchase of equipment and construction materials, capital expenditure prepayments, as well as other guarantees and deposits.
(ii) Other tax receivables include non-income tax related items such as VAT and petroleum tax receivables.

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17. Trade receivables
Trade and other accounts receivable include the short-term portion of trade accounts receivable and related accounts.

in US$'000	**2018**	2017
Trade receivables	**834,252**	**654,255**
Of which due from related parties (Note 25)	267,031	157,369

Trade receivables are non-interest-bearing and are generally on cash to 30 day terms. At year-end, Group days of sales outstanding amounted to 12.3 days (2017: 12.8 days).

The most significant allowance for doubtful debts on an individual trade receivable was fully recorded in 2016 and amounted to US$3.2 million and is unchanged. The impairment recognised represents the difference between the carrying amount of the trade receivables and the present value of the expected proceeds. The Group does not hold any collateral over these balances. As illustrated below, there were no significant movements in the allowance for impairment of receivables (see credit risk disclosure in Note 27.3 for further guidance).

The movement in the allowance for doubtful debts was as follows:

in US$'000	**2018**	2017
Balance at beginning of the year	(15,212)	(14,805)
Impairment losses recognised on receivables(i)	(9,226)	(5,293)
Amounts written off during the year as uncollectible	(394)	4,411
Amounts recovered during the year	3,774	1,762
Disposal of subsidiary	538	–
Foreign exchange translation gains and (losses), other	1,341	(1,287)
Balance at end of the year	**(19,179)**	**(15,212)**

(i) Includes additional provision of US$2.1 million recorded, to reflect expected credit losses, in accordance with IFRS 9.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix, in line with IFRS 9:

			Days past due			
At 31 December 2018 – in US$'000	**Total**	Current	< 90 days	90-180 days(i)	180–360 days	>360 days
Expected credit loss rate	**–**	–	–	–	35%	70%
Gross carrying amount	**586,400**	487,639	78,236	4,527	2,943	13,055
Expected credit loss	**(10,169)**	**–**	**–**	**–**	**(1,030)**	**(9,139)**

			Days past due			
At 31 December 2017 – in US$'000	**Total**	Current	< 90 days	90-180 days(i)	180–360 days	>360 days
Expected credit loss rate	**–**	–	–	–	35%	70%
Gross carrying amount	**512,098**	420,105	64,518	5,734	10,127	11,614
Expected credit loss	**(11,674)**	**–**	**–**	**–**	**(3,544)**	**(8,130)**

(i) No provision has been recorded on receivables due between 90 and 180 days. Based on past experience, the Group has grounds to believe that these receivables should not be impaired.

Receivables from related parties are neither past due nor impaired and are therefore excluded from the table above.

At 31 December, the ageing analysis of trade receivables from third parties (net of allowance for doubtful debts) was as follows:

			Past due but not impaired			
in US$'000	**Total**	Neither past due nor impaired	< 90 days	90-180 days	180–360 days	>360 days
2018	**567,221**	482,164	78,595	4,946	1,516	–
2017	**496,886**	420,105	64,518	5,734	6,529	–

17.1 Receivables sold without recourse
At 31 December 2018, trade receivables of US$297.1 million (2017: US$220.8 million), related to the United Kingdom, Australia and our aviation operations had been sold without recourse.

18. Cash and cash equivalents

in US$'000	**2018**	2017
Cash at banks and on hand	441,721	304,119
Restricted cash	5,803	28,106
Short-term deposits	196,972	186,978
Cash and short-term deposits	**644,496**	**519,203**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

19. Assets classified as held for sale

The Group did not hold any assets classified as held for sale at 31 December 2018 and 2017.

20. Capital and reserves

Shares	2018	2017
Registered share capital[i]		
107,204,109 ordinary shares	351,000	351,000
1 share for Trafigura PE Holding Limited of US$830,967 thousand	830,967	830,967
1 share for Sonangol Holdings Lda of US$510,950 thousand	510,950	510,950
1 share for Cochan Holdings LLC of US$255,475 thousand	255,475	255,475
1 share for PE Investments Limited of US$105,774 thousand	105,774	105,774
Total share capital	**2,054,166**	**2,054,166**

(i) At 31 December 2018, the Group had 107,204,113 shares issued.

21. Interest-bearing loans and borrowings

in US$'000	2018	2017
Unsecured – at amortised cost		
Senior Notes[i]	1,605,497	1,284,883
Bank overdrafts	167,705	160,559
Obligations under finance leases	478	525
Accrued interest	39,280	28,973
Unsecured bank loans[ii]	1,431,472	1,937,583
Related parties	1,192	1,563
	3,245,624	**3,414,086**
Secured – at amortised cost		
Secured bank loans[ii][iii]	39,711	121,865
	39,711	**121,865**
Total Interest-bearing loans and borrowings	**3,285,335**	**3,535,951**
Of which due to related parties (Note 25)	1,192	1,563
Current	457,032	754,261
Non-current	2,828,303	2,781,690
	3,285,335	**3,535,951**

(i) Includes US$600 million of 5.125% Senior Notes maturing in 2024, US$750 million of 5% Senior Notes maturing in 2026, a 2.65% private placement of EUR200 million, repayable in instalments and maturing in 2024, and a 5.87% private placement of US$100 million, maturing in 2023.

(ii) Secured and unsecured bank loans consist of fixed and floating rate loans, for which the weighted average effective interest rate (including arrangement fees) was 5.59% for the year ended 31 December 2018 and 5.21% for the year ended 31 December 2017. The Group economically hedges a portion of the loans for interest rate risk via an interest rate swap, exchanging variable rate interest for fixed rate interest. The fair value of Interest-bearing loans and borrowings for disclosure purposes is based on quoted prices in an active market for similar liabilities. These financial instruments are fair valued, based on Level 2 measurement.

(iii) Bank loans are secured by mortgages over certain of the Group's assets (mainly inventories, qualifying receivables, shares of certain subsidiaries and other long-term assets). The total value of the pledged assets at 31 December 2018 was US$303 million (2017: US$325 million).

Loan maturity schedule

in US$'000	2018	2017
Not later than one year	457,032	754,261
Later than one year and not later than five years	1,440,166	2,094,359
Later than five years	1,388,137	687,331
Total Interest-bearing loans and borrowings	**3,285,335**	**3,535,951**

In addition to the aforementioned debt facilities, the Group entered into a US$1.5 billion loan with Trafigura Pte Ltd. This loan was not drawn at 31 December 2018 and 2017, and consists of a US$500 million committed revolving credit facility and a US$1.0 billion uncommitted revolving credit facility. This loan is not secured, and bears interest of 8.1% per annum (2017: 8.1% per annum). The maturity of the loan has been extended for another five years, expiring in September 2023.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONTINUED*

22. Provisions

in US$'000	Employee-related provisions(i)	Provisions for contingencies and expenses(ii)	Provision for remediation(iii)	Total
At 1 January 2018	10,419	28,193	30,362	68,974
Acquisitions of subsidiaries	18	507	–	525
Arising during the year	1,504	6,489	930	8,923
Utilised	(81)	(13)	(7,082)	(7,176)
Unused amounts reversed	(1,212)	(6,338)	(930)	(8,480)
Foreign exchange translation gains and losses	(697)	(2,215)	(1,530)	(4,442)
At 31 December 2018	**9,951**	**26,623**	**21,750**	**58,324**
Current	7,289	7,188	403	14,880
Non-current	2,662	19,435	21,347	43,444
	9,951	**26,623**	**21,750**	**58,324**
At 31 December 2017				
Current	7,790	7,576	722	16,088
Non-current	2,629	20,617	29,640	52,886
	10,419	**28,193**	**30,362**	**68,974**

(i) Employee-related provisions mainly reflect holiday accruals, provision for employee benefits as well as provisions for long service leave in Australia and Papua New Guinea.
(ii) Provisions for contingencies and expenses mainly relate to operations in Australia, El Salvador and Papua New Guinea.
(iii) Remediation provisions mainly relate to the UK business acquired in 2015. During the year, US$7.1 million have been reversed against the value of fixed assets.

23. Other financial liabilities

in US$'000	2018	2017
Financial liabilities carried at fair value through profit or loss(i)	10,749	63,603
Vendor loan – third parties(ii)	30,469	30,655
Other liabilities	9,684	7,307
Total other financial liabilities	**50,902**	**101,565**
Of which due to related parties (Note 25)	–	–
Current	40,799	63,655
Non-current	10,103	37,910
	50,902	**101,565**

(i) Derivative positions include commodity futures, commodity swaps and interest rate swaps used to economically hedge certain of the Group's financial risks. A substantial portion of the derivatives are transacted with Trafigura Pte Ltd and Trafigura Derivatives Ltd.
(ii) Includes a vendor loan granted for capex payables related to the Matola terminal in Mozambique.

24. Trade and other payables

in US$'000	2018	2017
Trade payables	2,204,870	1,665,746
Other payables and accrued liabilities	211,056	173,925
Other liabilities(i)	182,947	198,637
Total trade and other payables	**2,598,873**	**2,038,308**
Of which due to related parties (Note 25)	1,725,799	1,296,972

(i) Other current liabilities include mainly tax, social security and VAT payables.

Terms and conditions of the above liabilities:

– Trade payables are generally non-interest-bearing.
– Interest payable is normally settled on a monthly basis throughout the financial year.

25. Related parties disclosures

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Related parties not part of the Group include the following:

Entity name	Country of incorporation	% equity interest in the Group 2018	2017
Trafigura PE Holding Limited	Malta	49.41%	49.49%
Sonangol Holdings Lda	Angola	27.99%	27.92%
Cochan Holdings LLC	Marshall Islands	15.48%	15.45%
PE Investments Limited	Malta	5.86%	5.85%
Global PE Investors PLC	Malta	0.22%	0.22%
PE SPV Limited	Malta	0.56%	0.56%
PE ESP LLC	Marshall Islands	0.48%	0.51%

25.1 Related party transactions

Group entities entered into the following transactions with related parties that are not members of the Group:

	Sales to related parties		Purchases from related parties	
in US$'000	**2018**	2017	**2018**	2017
Trafigura Group	902,311	807,704	(8,922,818)	(6,953,597)
Sonangol Group	12,029	14,152	(584,739)	(908,687)
Others	209,197	69,976	(6,538)	(15,587)
Total	**1,123,537**	**891,832**	**(9,514,095)**	**(7,877,871)**

	Amounts owed by related parties(i)		Amounts owed to related parties(ii)	
in US$'000	**2018**	2017	**2018**	2017
Trafigura Group	240,932	98,450	(1,647,220)	(1,167,478)
Sonangol Group	3,605	48,350	(75,803)	(126,728)
Others	53,567	33,054	(3,968)	(4,329)
Total	**298,104**	**179,854**	**(1,726,991)**	**(1,298,535)**

(i) Includes trade and other receivables, loans to related parties and other assets.
(ii) Includes trade and other payables and loans from related parties.

In addition to the above transactions and balances, a substantial portion of the Group's derivatives are transacted with Trafigura Pte Ltd and Trafigura Derivatives Ltd. The fair value of derivatives contracted with Trafigura Pte Ltd and Trafigura Derivatives Ltd amounted to US$70.9 million at 31 December 2018 (2017: US$(37.6) million).

25.2 Related party loans

The Group has acquired, by virtue of its various acquisitions, certain legacy loans made to employees of acquired entities. These loans are, individually and in aggregate, immaterial to the Group. Furthermore, the Group entered into a US$1.5 billion loan with Trafigura Pte Ltd, which was not drawn at 31 December 2018 and 2017. This loan is not secured, and bears interest of 8.1% per annum (2017: 8.1% per annum) and is meant to support the Group in its investment activities.

25.3 Key management personnel compensation

Key management personnel compensation amounted to US$7.6 million in 2018 (2017: US$10.2 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONTINUED*

26. Commitments and contingencies

Off balance sheet commitments:

in US$'000	**2018**	2017
Storage and land rental	754,647	826,143
Assets under construction	5,712	15,262
Other commitments	46,454	33,567
Total	**806,813**	**874,972**

in US$'000	**2018**	2017
Within one year	144,181	146,936
After one year but not more than five years	244,904	328,351
More than five years	417,728	399,685
Total	**806,813**	**874,972**

Contingent liabilities:

in US$'000	**2018**	2017
Letters of credit[(i)]	504,423	148,461
Guarantees[(ii)]	58,675	72,111
Legal and other claims[(iii)]	76,403	77,571
Total	**639,501**	**298,143**

(i) The Group utilises standby letters of credit and documentary credits, where appropriate, where certain of the Group suppliers or underwriting banks require such facilities to be put in place.

(ii) Guarantees issued by the Group are mostly related to performance bonds for performance on specific contracts. No liability is expected to arise from these guarantees.

(iii) Legal and other claims includes existing legal cases for which the Group believes no further charge will arise in the future as the Group believes it has the legal grounds to eventually conclude the cases favourably.

Excluded from the contingent liabilities listed above are those mortgages and assets pledged as collateral on certain financing transactions. These items are disclosed in Note 11.

27. Financial risk management objectives and policies

The Group Executive Committee oversees the management of financial risks and reviews and agrees policies for managing these risks, which are defined in the Group Risk Management Framework. The Group Risk Management Framework is a comprehensive management tool utilised by the Group Executive Committee to assess potential risks facing the Group. With the support of the Group internal audit team, the Group Risk Management Framework provides a context through which the Group is able to continuously monitor external risks. The Group Risk Management Framework is reviewed on a quarterly basis by the Group Executive Committee.

The Group is primarily a Midstream and Downstream business with a strong risk management philosophy. The Group manages its exposure to key financial risks in accordance with the Group Risk Management Framework. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are: market risks, comprising commodity price risk, cash flow interest rate risk and foreign currency risk; liquidity risk; and credit risk. As a rule, commodity price risk relating to the physical supply activities is systematically economically hedged, with the support of Trafigura Pte Ltd and Trafigura Derivatives Ltd. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

Derivative transactions are mainly entered into for the purpose of managing the Group's physical inventory exposure, and not for speculative purposes. At this stage, the Group does not currently apply any form of hedge accounting.

Furthermore, the Group, through the Group Risk Management Framework, has established conservative consolidated risk limits and closely monitors the Group's risk positions to ensure that the Group's risk exposure remains well within these limits.

27.1 Market risk

The Group operates in various national markets where petroleum prices are predominantly regulated and, therefore, in many of its markets it has limited market risk in terms of price exposure. Furthermore, where the Group operates in unregulated markets, the Group is typically able to price its products so as to reflect increases or decreases in market prices on a timely basis and thereby substantially mitigate its price exposure. Despite the Group selling into markets where price exposure is largely mitigated, the Group does economically hedge its physical supply. The primary purpose of the economic hedging activities is to protect the Group against the risk of physical supply transactions being adversely affected by changes in commodity prices. The Group systematically enters into economic hedging contracts to cover price exposures in its physical supply activities. In particular, substantially all supply stock is at all times either pre-sold or the commodity index price risk is economically hedged. By virtue of the nature of the markets in which the Group operates and given the economic hedging conducted in the Group's supply activities as per the Group Risk Management Framework, the Group faces limited market risk.

The following table provides an overview of the derivative contracts at the year-end. All commodity derivatives had maturities of less than one year at each year-end.

	Fair value of derivatives	
in US$'000	**2018**	2017
Commodity futures and swaps	70,909	(23,602)
Currency swaps	5,118	(13,161)
Total	**76,027**	**(36,763)**

Currency risk

The Group has exposures to foreign currency risk on its activities, and movements in currency exchange rates may have a material negative effect on our financial condition and result of operations. The Group reduces its exposure to changes in foreign currency exchange rates by borrowing in local currencies and entering into currency hedges.

The Group does not use financial instruments to hedge the translation risk related to equity and earnings of foreign subsidiaries and non-consolidated companies. Refer to the consolidated statement of changes in equity to see the impact of changes in foreign currencies on the Group's equity.

Interest rate risk

Interest rate risk of the Group is mainly applicable on the long-term funding of the Group. Please refer to the comments below for further details on the Group's funding. The Group has entered into certain interest rate swap transactions in order to limit its exposure to floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on floating rate Interest-bearing loans and borrowings and cash and cash equivalents. The impact on equity is the same as the impact on profit before tax.

	Effect on profit before tax for the year ended	
in US$'000	**2018**	2017
+ 1.0 percentage point	(9,224)	(15,923)
- 1.0 percentage point	9,224	15,923

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONTINUED*

27. Financial risk management objectives and policies continued
27.1 Market risk continued

The carrying amount of all financial assets and liabilities except for Interest-bearing loans and borrowings approximated the estimated fair value, due to the short-term nature of the financial instruments. The following table summarises the fair value of Interest-bearing loans and borrowings:

	Carrying amount		Fair value	
in US$'000	**2018**	2017	**2018**	2017
Interest-bearing loans and borrowings(i)	3,285,335	3,535,951	2,823,467	3,235,169
Total	**3,285,335**	**3,535,951**	**2,823,467**	**3,235,169**

(i) For the purpose of the above disclosure, fixed rate Interest-bearing loans and borrowings have been discounted using the actual cost of debt of the Group. The fair value of Interest-bearing loans and borrowings for disclosure purposes is based on quoted prices in an active market for identical liabilities. These financial instruments are based on a Level 2 fair value measurement (refer to Note 27.7).

27.2 Liquidity risk

The Group, by virtue of the nature of its operations, has demonstrated a consistent ability to generate cash through its ongoing daily operations. The Group generates stable cash flows as the Group's assets are utilised to deliver an essential product to customers in specific, national markets and the Group is therefore not entirely exposed to international commodity market movements. At the same time, the Group has the flexibility to decide whether to invest or not in capital expenditures as its ability to generate cash flows is not bound, in the short term, by significant capital commitments or significant mandatory capital asset maintenance.

Furthermore, the Group constantly assesses its risk to a shortage of funds by monitoring the maturity dates of existing debt. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. At 31 December 2018, the Group had US$1,117 million (2017: US$393 million) of undrawn committed borrowing facilities. In addition, the Group had US$500 million of undrawn committed shareholder loans.

14% of the Group's debt will mature in less than one year at 31 December 2018 (2017: 21%) based on the balances reflected in the consolidated financial statements. The maturity profile of the Group's debt is summarised in Note 21 and below. The Group liquidity risk is further mitigated as a large part of the borrowing activities of the Group are related to the financing of petroleum stocks and by their nature, these stocks are easily convertible into cash.

The table below summarises the maturity profile of the Group's financial liabilities based on non-discounted contractual payments:

in US$'000	Less than 1 year	1-5 years	5+ years	**Total**
At 31 December 2018				
Interest-bearing loans and borrowings	609,018	1,857,721	1,479,370	3,946,109
Trade and other payables	2,598,873	–	–	2,598,873
Financial derivatives	10,749	–	–	10,749
Other financial liabilities	30,050	10,103	–	40,153
Total	**3,248,690**	**1,867,824**	**1,479,370**	**6,595,884**
At 31 December 2017				
Interest-bearing loans and borrowings	902,386	2,442,435	751,766	4,096,587
Trade and other payables	2,038,308	–	–	2,038,308
Financial derivatives	63,603	–	–	63,603
Other financial liabilities	50	37,910	–	37,960
Total	**3,004,347**	**2,480,345**	**751,766**	**6,236,458**

27.3 Credit risk

The Group has a formalised credit process, with credit officers in the key locations around the world. Strict credit limits are established for each counterparty on the basis of detailed financial and business analyses. These limits are constantly monitored and revised in light of counterparty or market developments and the amount of exposure relative to the size of the Group's consolidated statement of financial position. The Group conducts transactions with the following major types of counterparties:

- Physical commodity counterparties spread across the vertical chains for oil (e.g. resellers and end-users). Sales to counterparties are made on open terms up to internally approved credit limits. Exposures above such limits are subject to independent payment guarantees.
- Payment guarantee counterparties (e.g. prime financial institutions from which the Group obtains payment guarantees).

The Group is present in different geographic regions. Wherever appropriate, guarantees, insurance and letters of credit are used to reduce payment or performance risk. The Group's maximum exposure to credit risk is equivalent to the amounts of financial assets presented in the consolidated statement of financial position. The Group has no significant concentrations of credit risk and no single customer accounts for more than 3% of the Group's sales volumes. In addition, a significant part of the activity of the Group's Downstream business (mainly retail sites) is on a cash or prepayment basis.

Refer to Note 17 for an ageing analysis of trade receivables.

27.4 Operational risk

The operations department has representatives in key locations around the world and is responsible for a number of tasks including contract insurance and logistics management. The operations department is also responsible for ensuring that industry, environmental safety, and internal policies and procedures are complied with at all times. Detailed procedures manuals are implemented throughout the Group and all operations personnel receive regular and adequate training covering the relevant subjects according to their specific functions within the operating activities of the Group. This ensures that operations staff are kept up to date with all applicable procedural, legal, regulatory and industry changes.

The Group, when chartering vessels, applies a strict vessel vetting procedure that complements insurance requirements and focuses on the vessel age, classification, protection, indemnity and pollution insurance cover. Similar vetting procedures are also applied for both rail, car and truck movements. The Group also has a storage procedure which involves full due diligence being undertaken of every proposed storage location – including a site visit to the storage location, the tank or warehouse. Regular stock analysis is undertaken to avoid losses such as theft and contamination, and each approved location is checked annually to evaluate the ongoing situation.

By virtue of the Group's relationship with its significant shareholder, Trafigura PE Holding Limited, the Group does have a risk of supplier concentration as the Trafigura group of companies accounts for around 70% (2017: 70%) of all purchases made by the Group.

27.5 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions in order to ensure a sound capital structure.

27.6 Changes in liabilities arising from financing activities

in US$'000	Financial debt(i)	Finance leases	Vendor loans	Dividends	**Total**
At 1 January 2017	3,135,646	339	34,638	–	3,170,623
Cash flows	142,957	–	(10,095)	(19,928)	112,934
Non-cash movement	(30,319)	–	–	–	(30,319)
Acquisitions/Disposals	12,692	–	683	–	13,375
Interest expense	205,105	–	–	–	205,105
Dividends declared during the year	–	–	–	30,155	30,155
New leases	–	160	–	–	160
FX movements	69,345	26	5,429	24	74,824
At 31 December 2017	**3,535,426**	**525**	**30,655**	**10,251**	**3,576,857**
Cash flows	(426,936)	(15)	527	(17,262)	(443,686)
Non-cash movement	(5,921)	–	–	–	(5,921)
Acquisitions/Disposals	(11,036)	–	–	–	(11,036)
Interest expense	241,299	–	–	–	241,299
Dividends declared during the year	–	–	–	7,011	7,011
New leases	–	18	–	–	18
FX movements	(47,975)	(50)	(713)	–	(48,738)
At 31 December 2018	**3,284,857**	**478**	**30,469**	**–**	**3,315,804**

(i) For the purpose of the above disclosure, current and non-current Interest-bearing loans and borrowings have been grouped together.

27.7 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments, which are measured at fair value by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

All financial assets and liabilities, and inventories measured at fair value, at 31 December 2018 and 2017, fall under the Level 2 category described above, and include financial derivatives for a net amount of US$76.0 million (2017: US$(36.8) million) and inventories for US$204.8 million (2017: $279.5 million). There have been no transfers between fair value levels during any of the reporting periods.

28. Events after the reporting period

No material events occurred after the reporting period.

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29. Significant consolidated subsidiaries and participating interests

The consolidated financial statements for the year ended 31 December 2018 include the Company's financial statements and those of the following operating entities listed in the table below:

Name of subsidiary	Place of incorporation	Proportion of ownership interest held by the Group at 31 December for the year ended 2018	2017	Legal relationship
Puma Energy Holdings Pte Ltd	Singapore	100%	100%	Parent company
Puma Energy Pakistan (Private) Ltd (Admore)	Pakistan	51%	51%	Subsidiary
Alexela Slovag AS	Norway	95%	95%	Subsidiary
Angobetumes Lda	Angola	100%	100%	Subsidiary
AS Alexela Logistics	Estonia	95%	95%	Subsidiary
AS Alexela Sillamäe	Estonia	95%	95%	Subsidiary
AS Alexela Terminal	Estonia	95%	95%	Subsidiary
Bitumen Storage Services (WA) Pty Ltd (Australia)	Australia	50%	50%	Equity investment
Central Combined Group Pty Ltd	Australia	100%	100%	Subsidiary
Comercial el Hogar SA	Honduras	100%	100%	Subsidiary
Directhaul Pty Ltd	Australia	100%	100%	Subsidiary
DP Drakensberg Properties Pty Ltd	South Africa	100%	100%	Subsidiary
Drakensberg Oil Pty Ltd	South Africa	100%	100%	Subsidiary
Emoil Petroleum Storage FZCO	United Arab Emirates	20%	20%	Equity investment
Empresa Cubana de Gas	Cuba	50%	50%	Equity investment
Fuel Distributors of Western Australia Pty Ltd	Australia	50%	50%	Equity investment
Gulf Refining Company NV	Curaçao	64%	64%	Subsidiary
High Heat Tankers Pte Ltd	Singapore	50%	–	Equity investment
Hull Ocean Going Barges UK Ltd	United Kingdom	100%	100%	Subsidiary
Kpone Marine Services Ltd	Ghana	100%	100%	Subsidiary
Langsat Terminal (One) Sdn Bhd	Malaysia	–	20%	Equity investment
Langsat Terminal (Two) Sdn Bhd	Malaysia	–	20%	Equity investment
Mazen Global Insurance Ltd	Federal Territory of Labuan	100%	0%	Subsidiary
National Energy Puma Aviation Services Co Ltd(i)	Myanmar	49%	49%	Subsidiary
Neumann Petroleum Pty Ltd	Australia	100%	100%	Subsidiary
Oil Malal SA	Chile	33%	33%	Equity investment
PC Puerto Rico LLC	Puerto Rico	100%	100%	Subsidiary
PE Bitumen Resources Nigeria Ltd	Nigeria	60%	60%	Subsidiary
PE Petroleum Cote d'Ivoire SA	Ivory Coast	56%	–	Subsidiary
PE Swaziland (Pty) Ltd	Swaziland	100%	100%	Subsidiary
PE Tanzania Services Assets Ltd	Tanzania	100%	100%	Subsidiary
Pervyi Murmanskiy Terminal(i)	Russia	47%	47%	Subsidiary
Petrobeira Lda(ii)	Mozambique	49%	49%	Subsidiary
Phoenix Petroleum Pty Ltd	Australia	–	50%	Equity investment
Phoenix Petroleum Unit Trust	Australia	–	50%	Equity investment
PT Puma Energy Indonesia	Indonesia	100%	100%	Subsidiary
Puma El Salvador SA de CV	El Salvador	100%	100%	Subsidiary
Puma Energia España SLU	Spain	100%	100%	Subsidiary
Puma Energy (Australia) Bitumen Pty Ltd	Australia	100%	100%	Subsidiary
Puma Energy (Australia) Fuels Pty Ltd	Australia	100%	100%	Subsidiary
Puma Energy (Aviation) SA	Switzerland	100%	100%	Subsidiary
Puma Energy (Malaysia) Sdn Bhd	Malaysia	100%	100%	Subsidiary
Puma Energy (Moçambique) Lda	Mozambique	100%	100%	Subsidiary
Puma Energy (Namibia) (Pty) Ltd	Namibia	100%	100%	Subsidiary
Puma Energy (Singapore) Pte Ltd	Singapore	100%	100%	Subsidiary
Puma Energy (UK) Ltd	United Kingdom	100%	100%	Subsidiary
Puma Energy Asia Sun Co Limited	Myanmar	80%	80%	Subsidiary
Puma Energy Asia Supply Company SA	Panama	100%	100%	Subsidiary
Puma Energy Bahamas SA	Bahamas	100%	100%	Subsidiary
Puma Energy Belfast Ltd	United Kingdom	50%	50%	Equity investment
Puma Energy Benin SA	Benin	100%	100%	Subsidiary
Puma Energy Bitumen (Vietnam) Ltd	Vietnam	80%	80%	Subsidiary

Name of subsidiary	Place of incorporation	Proportion of ownership interest held by the Group at 31 December for the year ended 2018	2017	Legal relationship
Puma Energy Bitumen Supply SA	Panama	100%	100%	Subsidiary
Puma Energy Botswana (Pty) Ltd	Botswana	80%	80%	Subsidiary
Puma Energy Caribe LLC	Puerto Rico	100%	100%	Subsidiary
Puma Energy Colombia Combustibles SAS	Colombia	100%	100%	Subsidiary
Puma Energy Colombia Holdings AG	Switzerland	100%	100%	Subsidiary
Puma Energy Cote d'Ivoire SA	Ivory Coast	75%	100%	Subsidiary
Puma Energy Distribution Benin SA	Benin	100%	100%	Subsidiary
Puma Energy Distribution Côte d'Ivoire Sarl	Ivory Coast	70%	90%	Subsidiary
Puma Energy Guatemala SA	Guatemala	100%	100%	Subsidiary
Puma Energy Honduras SA de CV	Honduras	100%	100%	Subsidiary
Puma Energy International BV, Geneva Branch	Netherlands	100%	100%	Branch
Puma Energy International SA	Switzerland	100%	100%	Subsidiary
Puma Energy Irrawaddy Pte Ltd	Singapore	100%	100%	Subsidiary
Puma Energy Johannesburg Supply SA	Panama	100%	100%	Subsidiary
Puma Energy LS (Pty) Ltd	Lesotho	100%	100%	Subsidiary
Puma Energy Ltd (FZE)	Nigeria	100%	100%	Subsidiary
Puma Energy Luxembourg Sàrl	Luxembourg	100%	100%	Subsidiary
Puma Energy Malawi Ltd(ii)	Malawi	50%	50%	Subsidiary
Puma Energy New Zealand Limited	New Zealand	100%	100%	Subsidiary
Puma Energy Panama Supply SA	Panama	100%	100%	Subsidiary
Puma Energy Paraguay SA	Paraguay	100%	100%	Subsidiary
Puma Energy Peru SAC	Peru	100%	100%	Subsidiary
Puma Energy PNG Ltd	Papua New Guinea	100%	100%	Subsidiary
Puma Energy PNG Refining Ltd	Papua New Guinea	100%	100%	Subsidiary
Puma Energy PNG Supply Ltd	Cayman Islands	100%	100%	Subsidiary
Puma Energy Procurement BV	Netherlands	100%	100%	Subsidiary
Puma Energy Senegal SA	Senegal	80%	80%	Subsidiary
Puma Energy Services (Singapore) Pte Ltd	Singapore	100%	100%	Subsidiary
Puma Energy Services South Africa (Pty) Ltd	South Africa	100%	100%	Subsidiary
Puma Energy South Africa (Pty) Ltd	South Africa	100%	75%	Subsidiary
Puma Energy Supply & Trading Pte Ltd	Singapore	100%	–	Subsidiary
Puma Energy Tanzania Ltd(ii)	Tanzania	50%	50%	Subsidiary
Puma Energy Zambia PLC	Zambia	76%	76%	Subsidiary
Puma International Congo SA	Congo	100%	100%	Subsidiary
Puma International Financing SA	Luxembourg	100%	100%	Subsidiary
Puma Overseas Projects Pte Ltd	Singapore	100%	100%	Subsidiary
Pumangol Industrial Lda	Angola	100%	100%	Subsidiary
Pumangol Lda	Angola	100%	100%	Subsidiary
RAM Petroleum (Pvt) Ltd	Zimbabwe	48%	48%	Equity investment
Redan Petroleum (Pvt) Ltd	Zimbabwe	60%	60%	Subsidiary
Refineria Petrolera de Acajutla SA de CV	El Salvador	100%	100%	Subsidiary
Rutile Investments Ltd	Mauritius	100%	100%	Subsidiary
Sakunda Petroleum (Pvt) Ltd	Zimbabwe	49%	49%	Equity investment
Tema Offshore Mooring Ltd	Ghana	100%	100%	Subsidiary
Total Lesotho (Pty) Ltd(Lesotho)	Lesotho	100%	–	Subsidiary
Tropifuels SA	Panama	100%	100%	Subsidiary
UBI Group Ltd(ii)	Ghana	49%	49%	Subsidiary
Ultrapar SA	Paraguay	100%	100%	Subsidiary

Presented below are explanations for those entities that are consolidated despite the Group having less than 50% interest in those entities:

(i) The Group retains effective control over these entities, despite the fact that it does not hold clear majority of the shares, by virtue of the fact the Group is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

(ii) Management believes that the Group retains effective control over this entity as a result of there being both a shareholder and an investment agreement stipulating that the Group has 100% economic control over the entity.

The Group does not have any non-controlling interests exceeding 5% of the Group's long-term assets or 20% of the Group's operating profit.

FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT *CONTINUED*

Report of the independent auditor with consolidated financial statements at 31 December 2018 of Puma Energy Holdings Pte Ltd
Singapore, 5 March 2019

Opinion
We have audited the consolidated financial statements of Puma Energy Holdings Pte Ltd and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position at 31 December 2018 and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 December 2018, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS').

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ('ISA'). Our responsibilities under those provisions and standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code') and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of property and equipment, intangible assets and goodwill
Risk
At 31 December 2018, the Group's balance sheet includes property and equipment amounting to US$3,159 million, intangible assets amounting to US$343 million and goodwill amounting to US$930 million. The assessment of the recoverable value of these assets for property and equipment and intangible assets, or of the relevant cash-generating unit for goodwill, incorporates significant judgement in respect of factors such as gross profits, discount rates, petroleum product prices, market shares and growth rates which are affected by expected future market or economic conditions in many different countries.

The Group's disclosures about property and equipment, intangible assets and goodwill, are included in Notes 11, 12 and 13 of the consolidated financial statements.

Our audit response
We performed the following procedures:

- We reviewed the Group's calculation of value in use or fair value less costs of disposal.
- We involved our valuation specialists to evaluate methodologies and key assumptions, such as cash flow forecasts included in the impairment assessment for each cash-generating unit or asset tested on a stand-alone basis, and discount rate assumptions.
- We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation.

Our audit procedures did not lead to any material reservations regarding the impairment testing.

Recoverability of deferred tax assets

Risk

At 31 December 2018, the Group had deferred tax assets on deductible temporary differences of US$126.5 million, which were recognised and relate to tax losses carried forward. In addition, there was an amount of US$56.9 million which had not been recognised. The analysis of the recognition and recoverability of the deferred tax assets was significant to our audit because the amounts are material, the assessment process is complex and judgemental and is based on assumptions that are affected by expected future market or economic conditions.

The Group's disclosures about deferred tax assets are included in Note 10 of the consolidated financial statements.

Our audit response

We performed the following procedures:

- We evaluated the Group's process for the identification and evaluation of uncertain tax positions and other tax risks as well as for the assessment of the recoverability of deferred tax assets.
- We also considered the Group's process for the recording and continuous re-assessment of the related (contingent) liabilities and provisions as well as deferred taxes.
- We reviewed tax exposures estimated by management and the risk analysis associated with these exposures along with claims or assessments made by tax authorities to date.
- We analysed the tax risk provision and the related business tax risks.
- We reviewed documentation of tax audits and evaluated whether exposures raised by the tax authorities have been considered.
- We analysed these with the involvement of our internal tax experts and assessed the tax risk provision.
- We tested the calculation of deferred tax assets and liabilities and considered the management estimates relating to the recoverability of deferred tax assets.
- We analysed the offsetting and presentation of deferred tax positions.

Our audit procedures did not lead to any material reservations regarding the recoverability of deferred tax assets.

Hyperinflation accounting for Angola subsidiaries

Risk

Angola was identified as a hyperinflationary economy from 1 January 2017. The Group has significant subsidiaries in the country. Applying IAS 29 – *Financial Reporting in Hyperinflation Reporting* had a net impact on the 2018 profit of US$79.6 million. The most impacted balances of the consolidated statement of financial position were Property and equipment and intangible assets, revalued respectively by US$68.7 million and US$8.6 million.

This application of hyperinflation accounting was significant to our audit because the amounts materially impact equity and because it is a non-routine accounting matter.

Our audit response

We performed the following procedures:

- We reviewed the approach to revalue the financial statement positions under the IAS 29 principles.
- We verified the underlying inputs and the mathematical accuracy of the hyperinflation re-evaluation model.
- We assessed the classification of the hyperinflationary economies.
- We analysed the disclosures relating to hyperinflation.

Our audit procedures did not lead to any material reservations regarding the hyperinflation accounting.

Other information in the annual report

Management is responsible for the other information in the annual report. The other information comprises all information included in the Annual Report, but does not include the consolidated financial statements and our auditor's reports thereon. Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT *CONTINUED*

Responsibility of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Management is responsible for overseeing the Group's financial reporting process

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Ltd

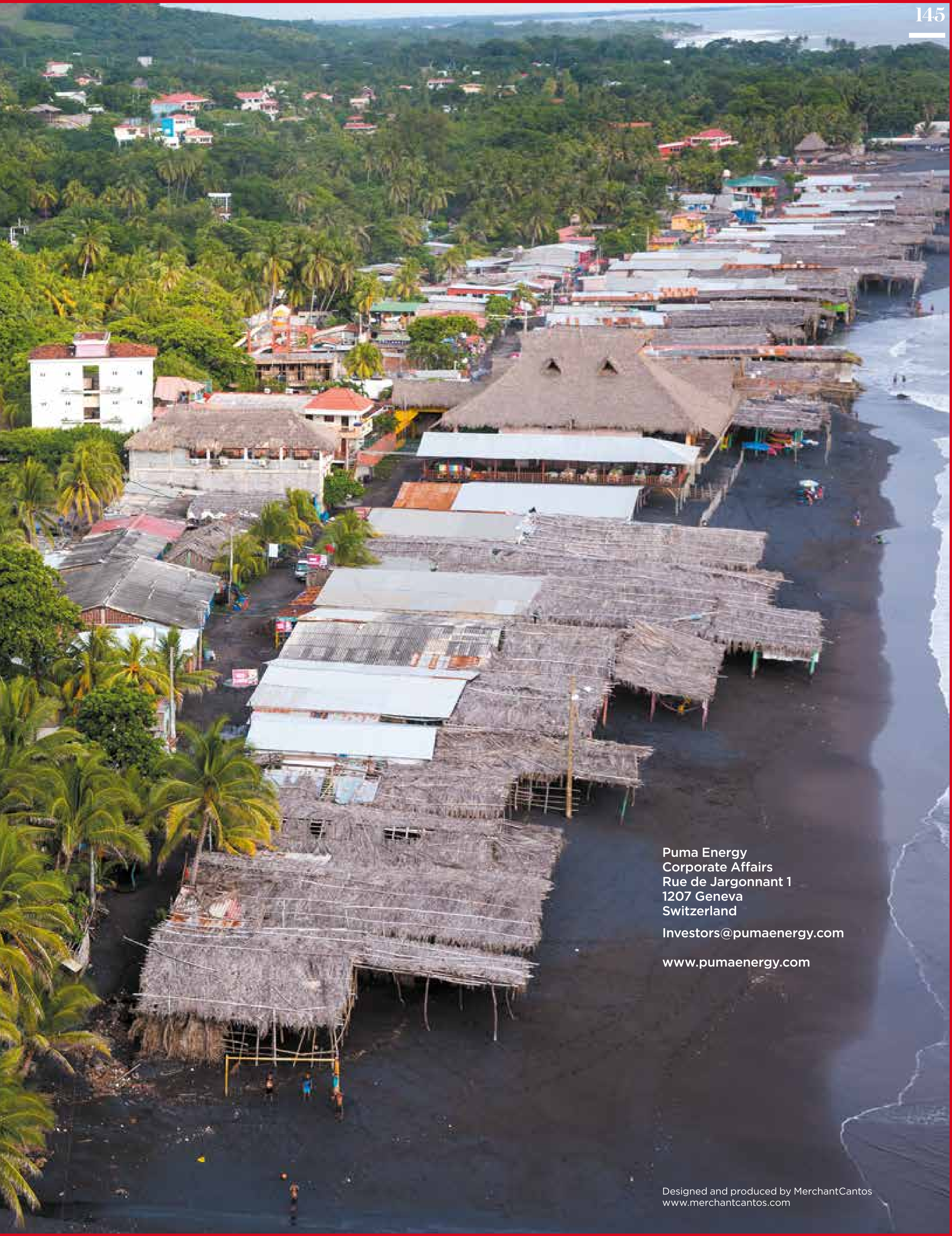
Scott Duncan	Didier Lequin
Licensed audit expert (Auditor in charge)	Licensed audit expert

WE ENERGISE COMMUNITIES

Puma Energy is committed to energising communities to help drive growth and prosperity

WE ENERGISE COMMUNITIES

PUMA ENERGY FUELS ECONOMIES



Puma Energy
Corporate Affairs
Rue de Jargonnant 1
1207 Geneva
Switzerland

Investors@pumaenergy.com

www.pumaenergy.com

Designed and produced by MerchantCantos
www.merchantcantos.com

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ENERGISING COMMUNITIES