Puma Energy: Third Quarter 2019 Results

Tuesday, 26th November 2019

Introduction

- **Third quarter EBITDA of US$130 million in line with guidance**
  - **Strategy driven by operational improvements is helping to offset challenging market conditions**
  - **Planned refinery turnaround in Papua New Guinea delivered safely and on time**

- **On track to deleverage the balance sheet by end of 2020**
  - **Sale of Indonesia (US$3 million) and Paraguay (US$200 million[1])**
  - **Further strategic disposals in progress**
- **Impairments reflect proactive adjustment of the balance sheet**
  - **Demonstrates active management in line with growth strategy**

[1] before working capital adjustments

Strategy

- **Implementation of five-year strategic plan is underway**
  - **Seeing benefits despite market headwinds**
  - **Delivering early operational improvements based on execution of insights from strategic review**
  - **Expect to see continued momentum into next year**

- **Customer-focused business capable of delivering sustainable profit growth**
  - **Portfolio optimisation, reducing complexity, focus on priority markets**
  - **Identified 4 growth segments: retail, lubricants, aviation, B2B**
  - **Good progress on cost control, down 6% YTD**
  - **Disciplined capital investment allocation**

Value Creation

- **Finalised retail network plan for Guatemala and El Salvador, strengthening our brand in the region**

- **Papua New Guinea has transformed Key Account Management to focus on strategic customer partnerships**

- **Zimbabwe has grown retail volumes despite a contracting economy and high inflation**

- **In Zambia we now address customers in segments by offering solutions which have helped with improving productivity and HSE performance**

Financials

Q3 Performance

- **Sales volumes: 6.5 million m^3**
- **Turnover: US$ 4.5 billion**
- **Gross profit: US$ 339 million**
- **EBITDA: US$ 130 million**
- **Operating cash flow: US$ -62 million**
- **Investment in infrastructure: US$ 37 million**

Key Highlights

US$ million	Q3			Sep YTD		
	2019	**2018**	**Δ %**	**2019**	**2018**	**Δ %**
Sales volume (k m³)	6,485	6,282	*+3%*	18,776	18,373	*+2%*
Throughput volume (k m³)	4,209	3,671	*+15%*	11,809	10,979	*+8%*
Gross profit	339	341	*-1%*	1,042	1,097	*-5%*
Fixed costs	(202)	(209)	*-3%*	(628)	(670)	*-6%*
EBITDA	130	133	*-2%*	397	420	*-6%*
Profit for the year	(376)	7	*-5363%*	(438)	30	*-1558%*
Capex	(37)	(61)	*-40%*	(86)	(163)	*-48%*
Disposals	37	2	*+2304%*	60	28	*+113%*
Cash flow from operations	(62)	538	*-112%*	246	799	*-69%*

Note: All financial figures are presented excluding the impact of IFRS16

- **Sales volumes continue to increase both on a QoQ and YTD basis**
- **EBITDA is broadly flat despite planned refinery turnaround in Papua New Guinea**
- **Net loss for the period impacted mainly by impairment of the Australian fuel business**
- **Capex for the quarter is offset by sale of Indonesia and Paraguay businesses**
- **Cash flow from operations at US$ -62m has been impacted by a reduction in payables**

Business Segmentation

US$ million	Downstream			Midstream			Downstream			Midstream		
	Q3 '19	Q3 '18	Δ %	Q3 '19	Q3 '18	Δ %	YTD 19	YTD 18	Δ %	YTD 19	YTD 18	Δ %
Volume (k m^3)	6,450	6,070	*+6%*	4,244	3,883	*+9%*	18,676	17,796	*+5%*	11,909	11,556	*+3%*
Gross profit	301	300	*+0%*	38	41	*-6%*	908	964	*-6%*	134	134	*-0%*
Unit margin (US$/$m^3$)	47	49	*-6%*	9	10	*-14%*	49	54	*-10%*	11	12	*-3%*
	51*	54*	*-6%*	n/a	n/a	*n/a*	53*	59*	*-11%*	n/a	n/a	*n/a*
EBITDA	111	108	*+3%*	19	24	*-21%*	327	350	*-7%*	70	70	*-0%*

Downstream

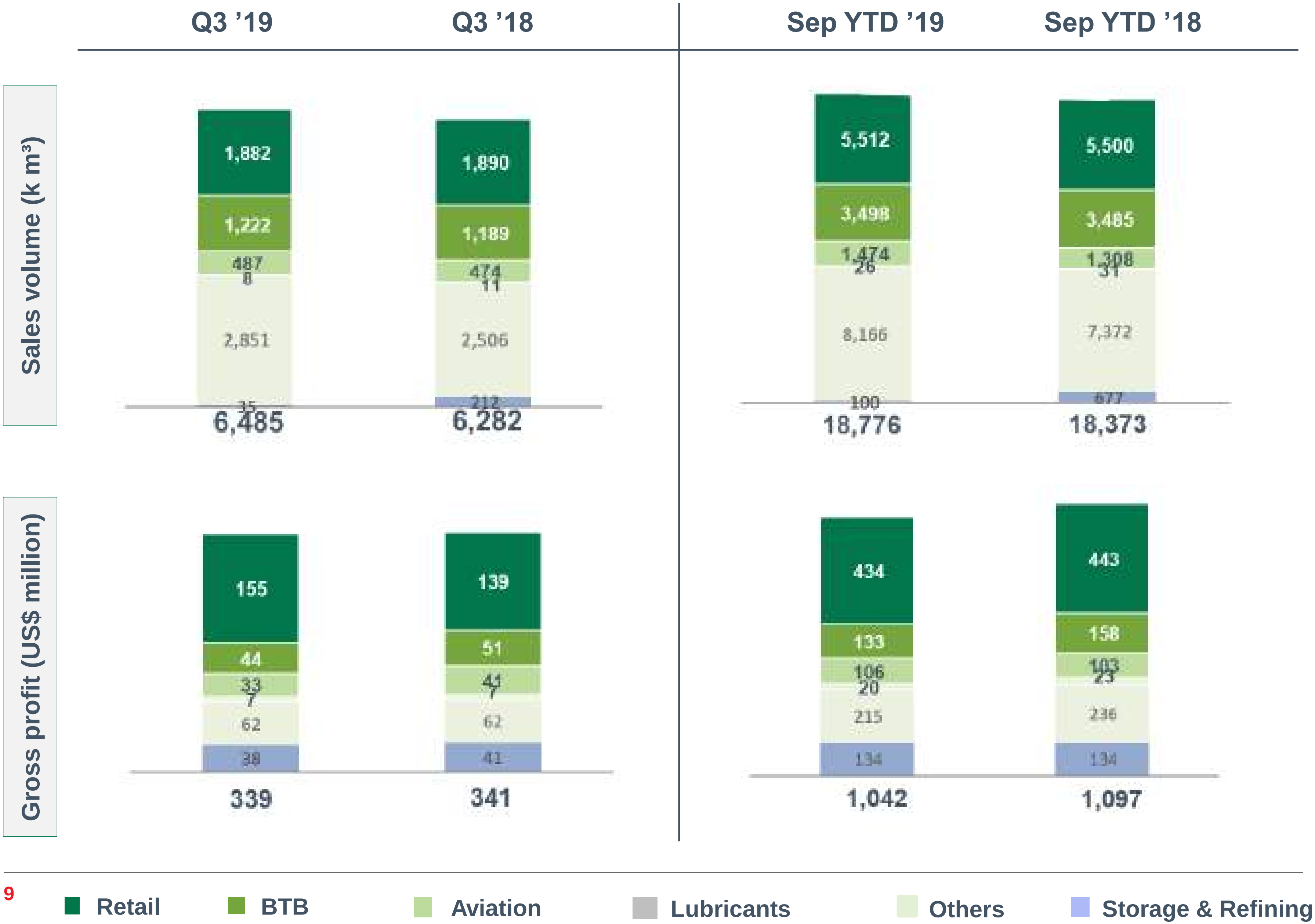
- **Volumes up 6% compared to the same quarter of the prior year**
- **Stable gross profit despite adverse market impacts on unit margins**
- **EBITDA up 3% reflecting successful efforts of cost control**

Midstream

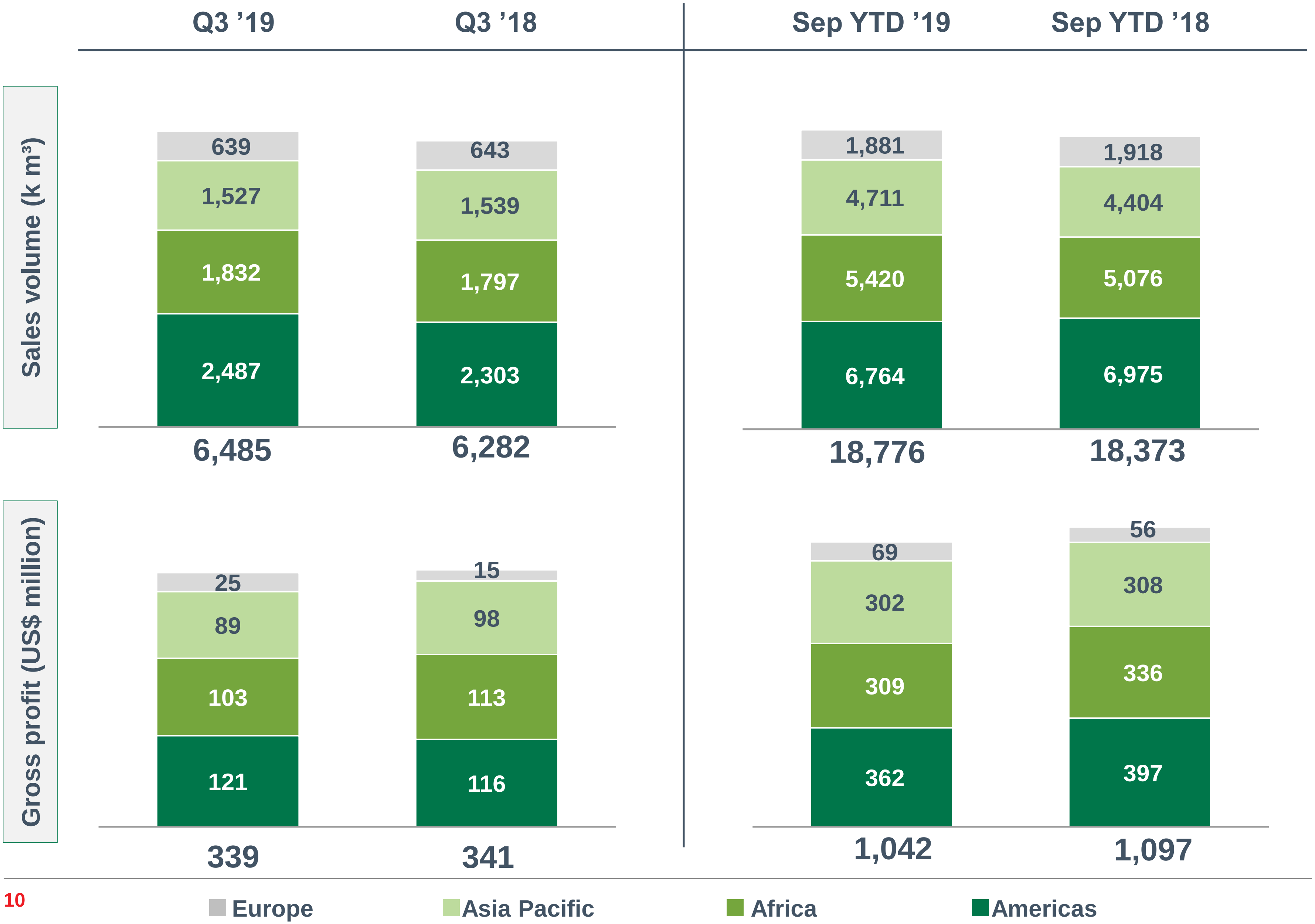
- **Volumes up 5% due to increased activity across all regions**
- **Gross profit and EBITDA impacted by the scheduled turnaround of the refinery in Papua New Guinea**

(*) Not including UK volumes and gross profit

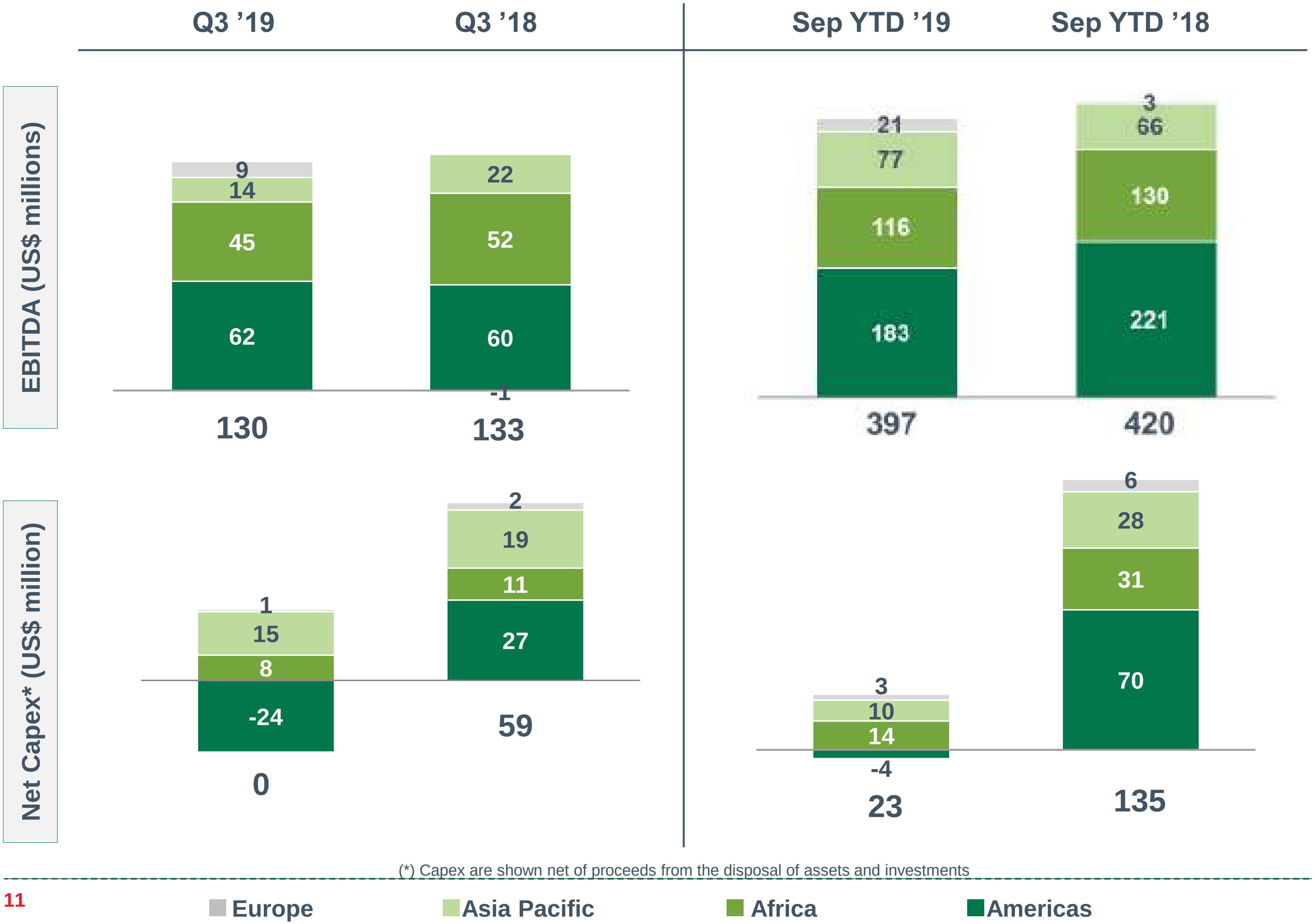
Line of Business Segmentation



Geographic Segmentation (1/2)

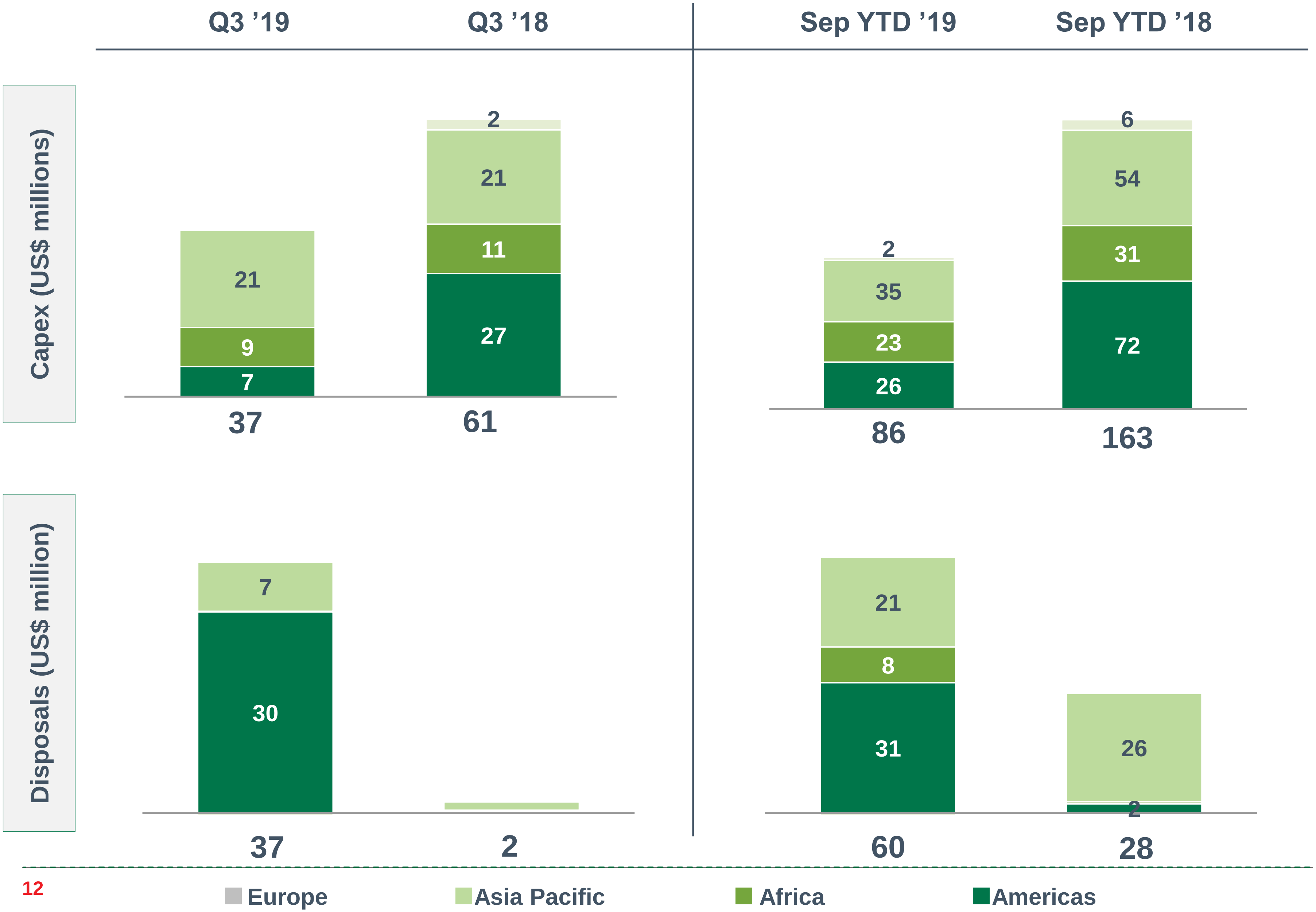


Geographic Segmentation (2/2)



(*) Capex are shown net of proceeds from the disposal of assets and investments

Capex and Disposals



Cash Flows

US$ million	Q3		Q2	YTD (Jan-Sep)	
	2019	2018	2019	2019	2018
Net cash flow from operations	(62)	537	177	246	799
Net cash flow used in investing	(2)	(61)	(3)	(28)	(147)
Net cash flow from financing	(3)	(428)	(153)	(327)	(496)
Days of sales out-standing (3rd party)	*13*	*13*	*15*	*14*	*14*
Days of inventory	22	24	23	23	26
Days of trade payable	*48*	*48*	*56*	*50*	*51*

- **Operating cash flow significantly down due to negative working capital**
- **Cash flow from operations impacted by timing effects and shorter payment terms with suppliers**
- **One-off adjustment to business model in the UK, unlikely to see a reversal leading to lower trade DPO**
- **Credit terms with suppliers remain consistent between 13 & 15 DSO**

Capital Structure

US$ million	Sep-19	Jun-19	Sep-18
Cash	(556)	(606)	(579)
Inventories	(966)	(978)	(1,159)
OpCo Debt	305	211	585
Senior Facilities	1,265	1,273	1,402
Senior Notes	1,632	1,658	1,682
Total net debt	**1,680**	**1,558**	**1,931**
x LTM EBITDA	*3.2*	*2.9*	*3.0*

Q3’19 Capital Structure

- **Net Debt / EBITDA multiple at 3.17x, remains in line with capital structure policy**
- **Gross debt has increased by US$ 60m whilst net debt is US$ 122m higher than Q2’19 but US$ 251m lower than Q3’18**

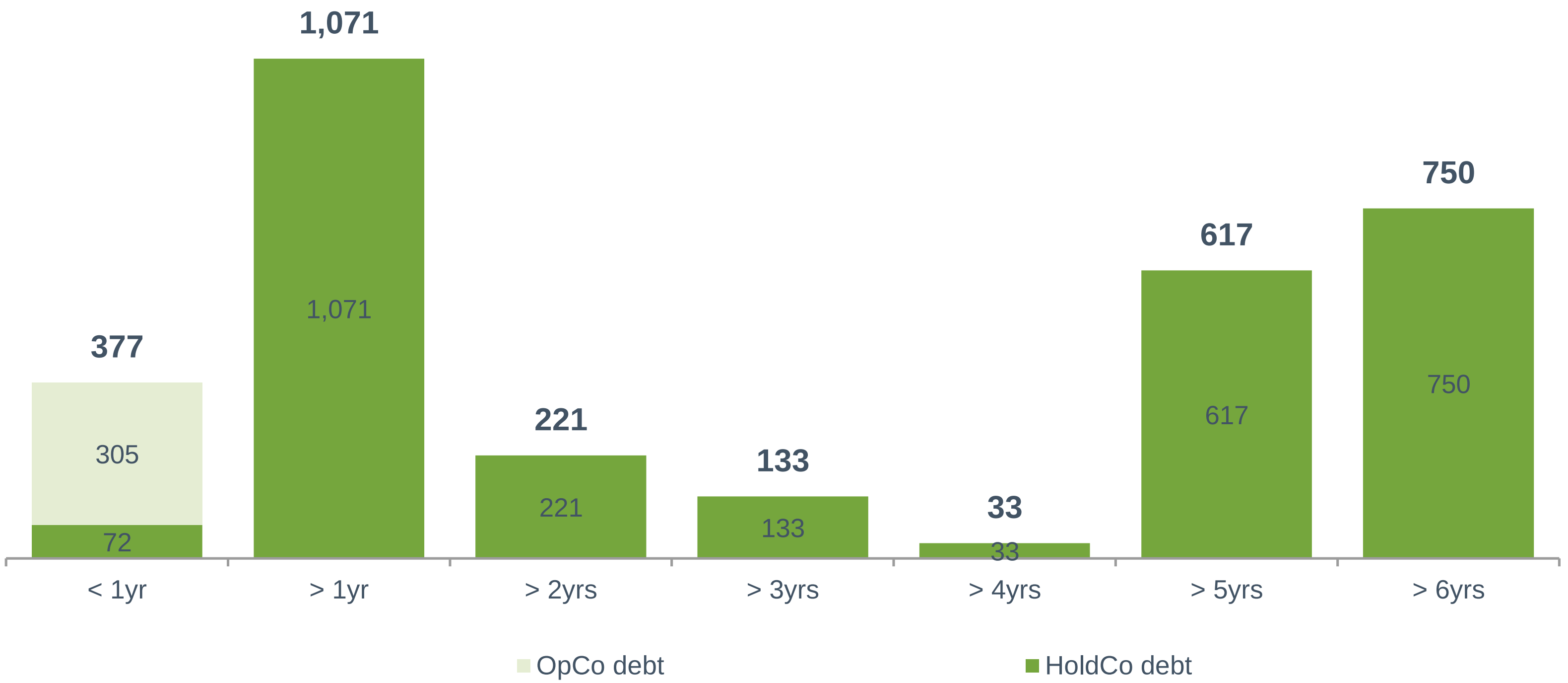
Outlook

Outlook

- **Progress of strategic initiatives will continue to help offset headwinds**
  - Q4 EBITDA performance expected to remain broadly flat
- **Continuing commitment to maintaining strict cost control and capital discipline as part of strategy**
  - On track to deliver operational improvements in excess of US$20 million by year end; progress against customer-focused strategy continuing into 2020
- **Expect proactive portfolio optimisation through asset disposals**
  - Proceeds to be used to pay down debt and deleverage balance sheet

Appendix

Appendix 1 – Maturity Profile



US$ million	Total	< 1yr	> 1yr	> 2yrs	> 3yrs	> 4yrs	> 5yrs	> 6yrs
HoldCo debt	2,897	72	1,071	221	133	33	617	750
OpCo debt	305	305						
Gross debt	**3,202**	**377**	**1,071**	**221**	**133**	**33**	**617**	**750**
% of Total		*12%*	*33%*	*7%*	*4%*	*1%*	*19%*	*23%*

Appendix 2 – Debt Covenants

	Threshold	Sep '19 ratio
Tangible net worth	> $ 2.2 bn	**$ 2.6 bn**
Net debt / EBITDA	< 3.5 x	**3.17x**
Interest coverage ratio	> 2.25 x	**2.83x**

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