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# Puma Energy: Q4 & FY 2019 Results

Thursday 5<sup>th</sup> March 2020

# 2019 Delivering on our Commitments

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- **Stabilising performance – safely**
  - Full Year EBITDA of US\$530 million, in line with guidance
  - Q4 EBITDA of US\$133 million – flat year on year despite sale of Paraguay and Angolan FX devaluation
  - Strong operating cash flow indicating robust EBITDA to cash conversion
- **Customer Led Strategy**
  - Implementation well underway
  - Strategy driven operational improvements of \$24 million delivered - \$10 million in Q4 alone
  - Helped to offset challenging market conditions
- **Strengthening the balance sheet**
  - Paraguay announced in Q3 and closed end January 2020
  - Australian Fuels Business announced December Q4 on track to close mid 2020
  - \$334 million debt repaid and leverage ratio of <2.5

# Strategy Execution

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- **Accelerating the delivery of sustainable and profitable growth**
  - Delivering our commitments safely – safety is paramount
  - Accelerating the execution of business improvements and operational efficiencies that will optimise commercial value and have customer impact
- **Portfolio optimisation well underway to reduce complexity and minimise risk**
  - Driving growth in priority markets where we have scale and optimising performance elsewhere
- **Positioning Puma Energy to take advantage of the opportunities ahead in the Energy Transition**
  - Leveraging our unique position in the markets we serve by implementing key 'New Ventures' projects
  - Embedding a robust ESG framework throughout our business

# Strengthening Governance

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- **Strengthened Leadership and Governance**
  - Appointment of new Non – Executive Chairman René Médori, to strengthen corporate governance and help access capital markets – effective 3 March 2020
  - Strengthened management team to execute strategy and drive performance
    - Chief People Officer
    - Head of Brand, Marketing and Corporate Affairs
  - Restructured shareholding enabling access to future growth capital

# Financials



# 2019 Performance

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- Sales volumes: **25.3 million m<sup>3</sup>**
- Gross profit: **US\$ 1,387 million**
- EBITDA: **US\$ 530 million**
- Impairments: **US\$ 661 million**
- Operating cash flow: **US\$ 629 million**
- Investment in infrastructure: **US\$ 146 million**
- Proceeds from sale of fixed assets and investments: **US\$ 176 million**

# Key Highlights



US\$ million	Q4			FY		
	2019	2018	Δ %	2019	2018	Δ %
Sales volume (k m <sup>3</sup> )	6,507	6,450	+1%	25,283	24,824	+2%
Throughput volume (k m <sup>3</sup> )	4,082	4,110	-1%	15,891	15,089	+5%
Gross profit	345	363	-5%	1,387	1,460	-5%
Fixed costs	(216)	(226)	-4%	(844)	(896)	-6%
EBITDA	133	134	-1%	530	554	-4%
Impairment	(311)	(76)	+308%	(661)	(86)	+670%
Profit for the year	(315)	(61)	+416%	(753)	(31)	+2331%
Capex	(55)	(104)	-47%	(146)	(279)	-48%
Proceeds from disposals	115	3	+3197%	176	32	+448%
Cash flow from operations	383	129	+197%	629	927	-32%

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

- Sales volumes continue to increase both on a quarter-on-quarter and year-on-year basis
- EBITDA for Q4 same as last year as business performance stabilized in the second half
- Net loss for the period impacted mainly by impairment charges
- Cash flow from operations at US\$ 383m for Q4 and at US\$ 629m for the full year

# Impairments



US\$ million	Q4		FY	
	2019	2018	2019	2018
Americas	37	3	37	3
Africa	165	13	166	13
Asia Pacific	71	60	417	70
Europe	38	-	40	-
<b>Total</b>	<b>311</b>	<b>76</b>	<b>661</b>	<b>86</b>

- US\$ 661 million impairment in 2019 of which US\$ 416 million is related to Australia
- Other impairments are the result of our annual impairment testing



# Business Segmentation



US\$ million	Downstream			Midstream		
	Q4 '19	Q4 '18	Δ %	Q4 '19	Q4 '18	Δ %
Volume (k m <sup>3</sup> )	6,467	6,411	+1%	4,121	4,149	-1%
Gross profit	296	322	-8%	49	41	+20%
Unit margin (US\$/m <sup>3</sup> )	46	50	-9%	12	10	+21%
	51*	54*	-6%	n/a	n/a	n/a
EBITDA	100	111	-9%	33	23	+40%

Downstream			Midstream		
FY 19	FY 18	Δ %	FY 19	FY 18	Δ %
25,143	24,208	+4%	16,032	15,705	+2%
1,204	1,285	-6%	182	174	+5%
48	53	-10%	11	11	+3%
52*	59*	-12%	n/a	n/a	n/a
427	462	-8%	103	92	+11%

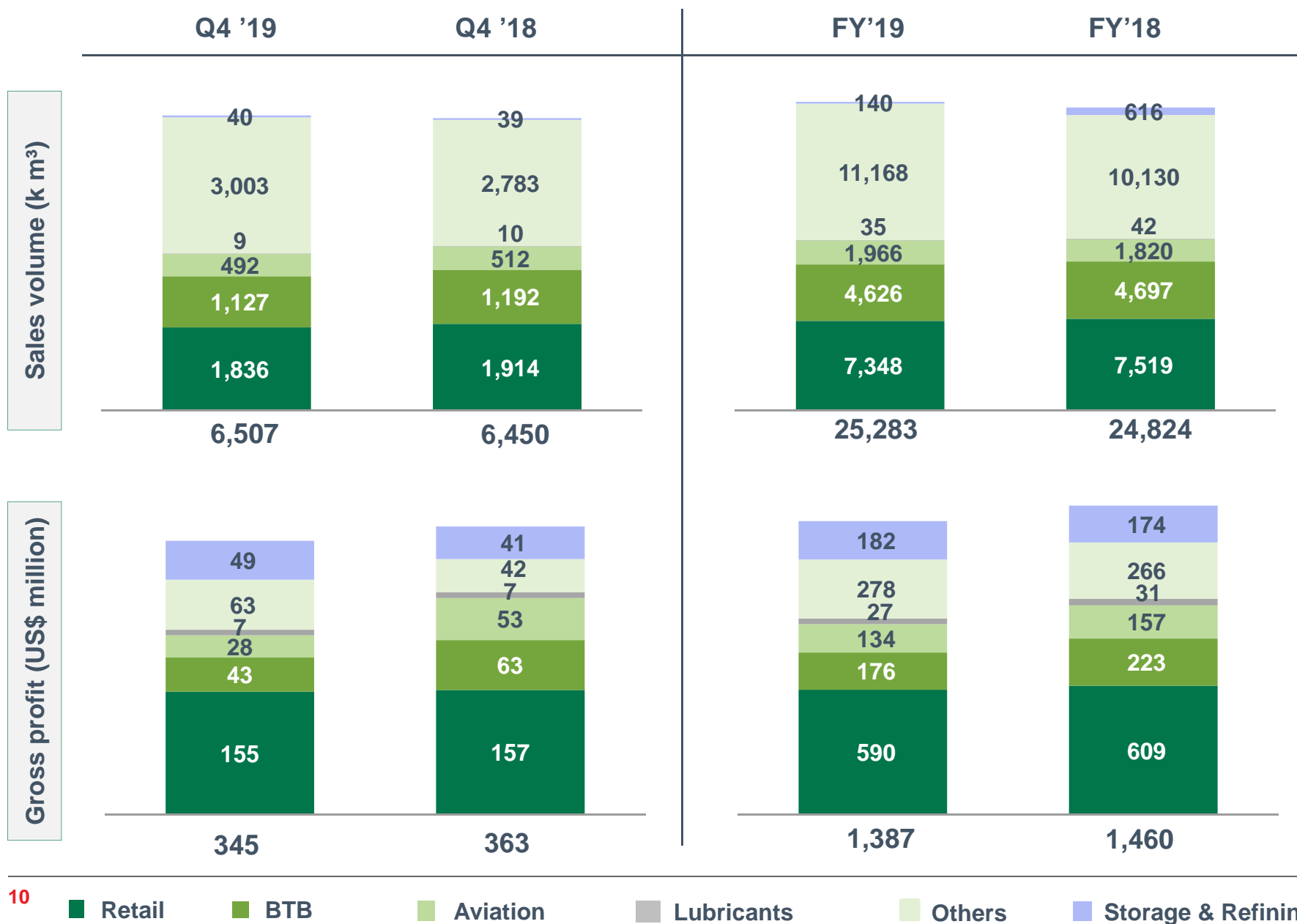
## Downstream

- On a like-for-like base volumes for the quarter up 3% compared to prior year
- Lower gross profit offset by cost reductions
- Like-for-like EBITDA for the quarter down 2%

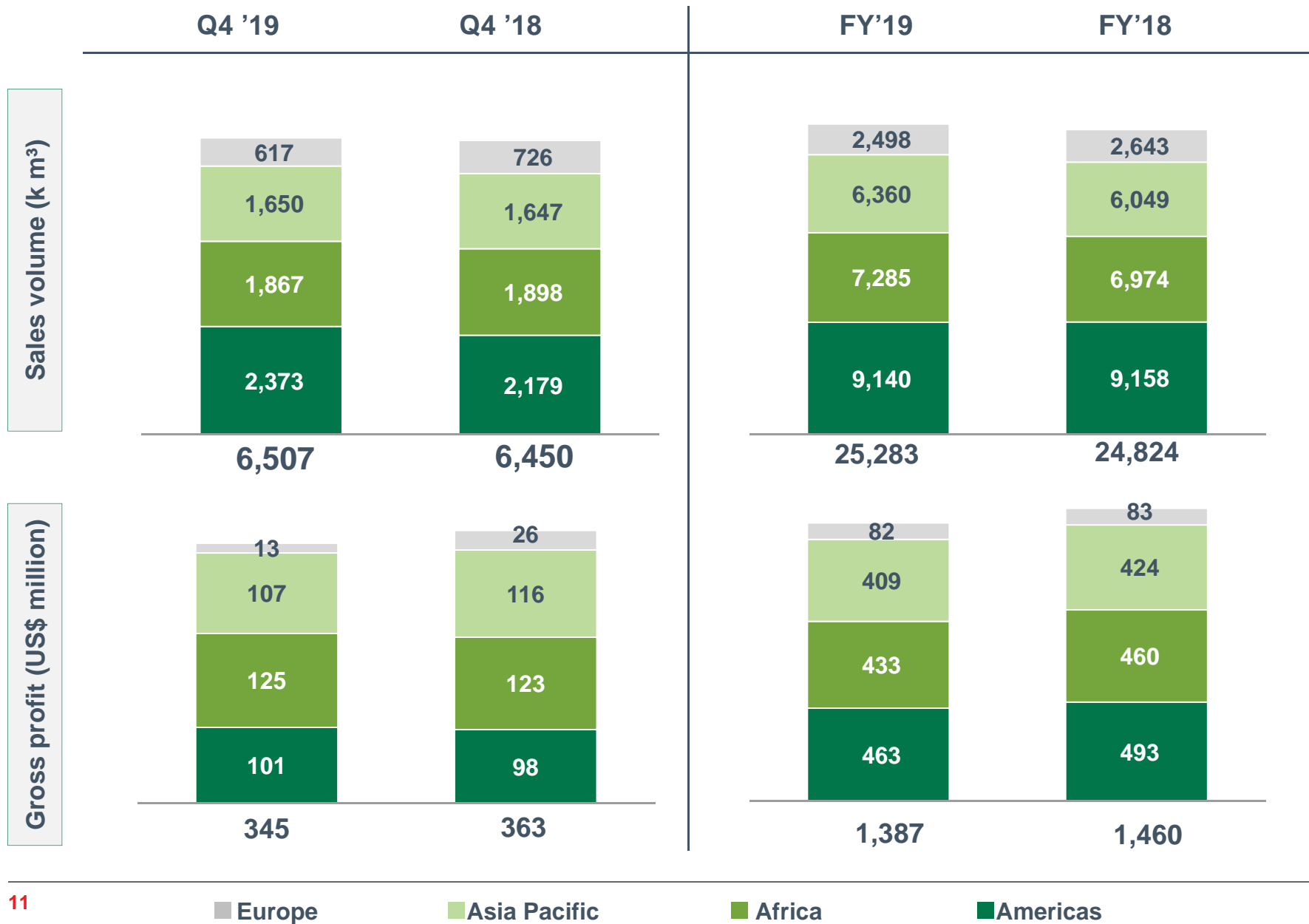
## Midstream

- Gross margin and EBITDA are higher due to improved refining margins.

# Line of Business Segmentation



# Geographic Segmentation (1/2)



# Geographic Segmentation (2/2)



# Cash Flows



<i>US\$ million</i>	Q4		Q3		FY	
	2019	2018	2019	2018	2019	2018
Net cash flow from operations	383	129	(62)	537	629	927
Net cash flow used in investing	60	(101)	(2)	(61)	32	(248)
Net cash flow from financing	(237)	29	(3)	(428)	(564)	(467)
<i>Days of sales out-standing (3<sup>rd</sup> party)</i>	12	12	13	13	12	12
<i>Days of inventory</i>	24	19	22	24	25	20

- **Cash from operations demonstrating healthy cash conversion due to strict working capital management**
- **Divestment proceeds more than offset capital expenditure**
- **Debt repayments of US\$ 334m in 2019**

# Capital Structure

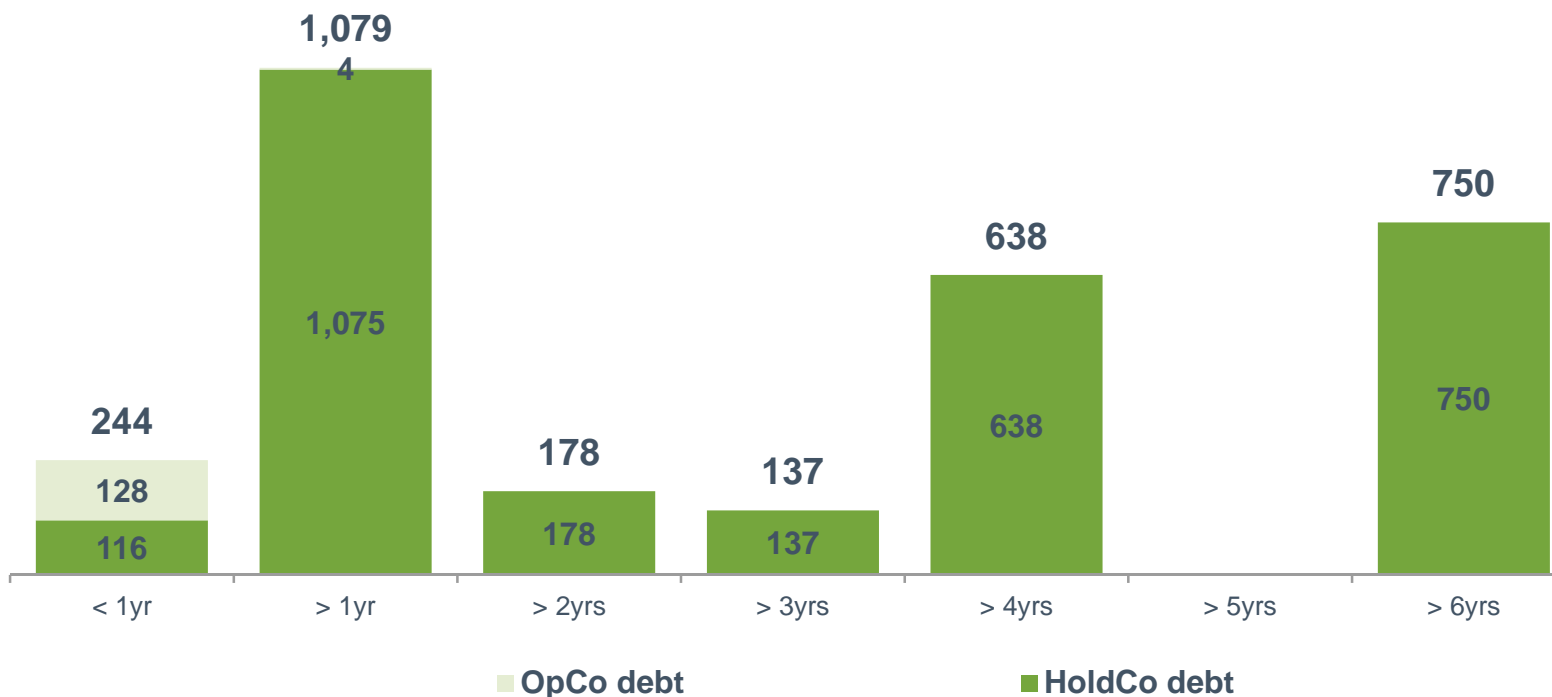


US\$ million	Q4	Q3	Q4
	2019	2019	2018
OpCo Debt	132	305	389
Senior Facilities	1,257	1,265	1,292
Senior Notes	1,637	1,632	1,679
<b>Total gross debt</b>	<b>3,026</b>	<b>3,202</b>	<b>3,360</b>
Cash	(622)	(556)	(644)
Inventories	(1,088)	(966)	(910)
<b>Total net debt</b>	<b>1,316</b>	<b>1,680</b>	<b>1,806</b>
x LTM EBITDA	2.5	3.2	3.3

## Q4'19 Capital Structure

- Net Debt / EBITDA multiple at 2.5x
- Gross debt has decreased by US\$ 334m
- End of year crude price increase improved our leverage rate by 0.2 versus Q3

# Maturity Profile



US\$ million	Total	< 1yr	> 1yr	> 2yrs	> 3yrs	> 4yrs	> 5yrs	> 6yrs
HoldCo debt	2,894	116	1,075	178	137	638	-	750
OpCo debt	132	128	4					
<b>Gross debt</b>	<b>3,026</b>	<b>244</b>	<b>1,079</b>	<b>178</b>	<b>137</b>	<b>638</b>	<b>-</b>	<b>750</b>
% of Total		8%	36%	6%	5%	21%	-	25%

# Outlook



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- **Targeting 2020 EBITDA growth in low to mid single digits**
  - Reflects deconsolidation of Paraguay (closed in Q1), Australian fuels business (close by Q2) and expected continuation of foreign exchange headwinds in Angola
  - Stretching our ambitions to drive customer – led organisational transformation and sustainable profitable growth
- **Anticipated 2020 capital expenditure of around US \$200 Million**
  - Strengthened balance sheet versus 2019, following sale of assets
  - Accelerating operational performance
  - Capex targeted in our priority markets – investing to drive sustainable profitable growth
- **Cementing our opportunity in the Energy Transition and implementing ESG**

# Appendix



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## Appendix 2 – Debt Covenants



	Threshold	Dec '19 ratio
Tangible net worth	> \$ 2.2 bn	\$ 2.3 bn
Net debt / EBITDA	< 3.5 x	2.49x
Interest coverage ratio	> 2.25 x	2.88x

# Disclaimer

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Thank you



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