Energising communities

Annual Report 2019

Our purpose energises us all

At Puma Energy our purpose is to energise communities to help drive growth and prosperity by sustainably serving our customers' needs in high-potential countries around the world.

It is our reason for being; a sense of shared ambitions and beliefs that explains why we do what we do, and so shapes how and what we do. Importantly, our purpose has a social dimension.

Our world is an exciting place of great opportunities. Where quality and secure energy sources help us to grow, prosper and truly achieve potential.

We are Puma Energy, and our spirit is as vibrant as the world that we share.

Everywhere, we work with local people, energising communities and transforming lives. For us, it's personal, because it is about people working with people to create opportunities in all the places that we serve and that we inhabit.

As a business, we take pride in our role; listening, learning and sharing to raise standards, earn trust and help economies run better; solving problems and offering solutions that our customers need.

We know it takes courage to make brave choices and lasting commitments. And our commitment, as an independent partner is to be close to you, bringing products and services that allow communities to flourish. Whether helping to get planes in the air or offering a safe haven on the road, we energise communities around our world. Sometimes this means doing the remarkable and sometimes it is simply doing the little things that matter to our customers, and doing them well, time after time.

What makes us special is that which defines us – the diversity and expertise of our local people, but above all, our vibrant, energising spirit, working to make a positive difference to you and for all of us.

Telling our story in a connected way

Financial strength
The financial funds and assets across the Group.

Our people
The skills, development, opportunities and well-being of our employees and contractors.

Customers and communities
The relationships we build with customers and communities.

Physical assets
Our retail stations, terminals, other buildings and equipment.

Our products and brands
The Puma Energy brand together with our product and service brands, for example Puma Maxx.

Natural resources
The natural resources we have an impact on, for example, the fuel we store and distribute, the energy we use and the water we conserve.

In line with best practice for integrated reporting, we report on the six capitals that together provide a true picture of value across the Group. This way of telling a comprehensive, connected story fits well with our holistic view of value and our focus on energising communities to create sustainable value for long-term good.

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Group overview

"Energising communities encourages us to contribute to society and make the most of our positive Puma Energy spirit. It is our way of working together to build a better world.

Group overview

At a glance

46
COUNTRIES WHERE PUMA ENERGY OPERATES

2,900
RETAIL SITES

1,291
SHOPS AT RETAIL SITES

147
RESTAURANTS AND CAFES

9,300+
EMPLOYEES

2,750
TRUCKS LOADED EVERY DAY

84
AIRPORTS SERVED

20,000+
B2B CUSTOMERS

103
TERMINALS

7.5m m^3
STORAGE CAPACITY

AREA	RETAIL SITES	AIRPORTS SERVED	STORAGE CAPACITY
AMERICAS	1,142	9	1.5m m^3
AFRICA	830	52	1.4m m^3
EUROPE	–	1	2.8m m^3
MIDDLE EAST AND ASIA-PACIFIC	928	22	1.7m m^3

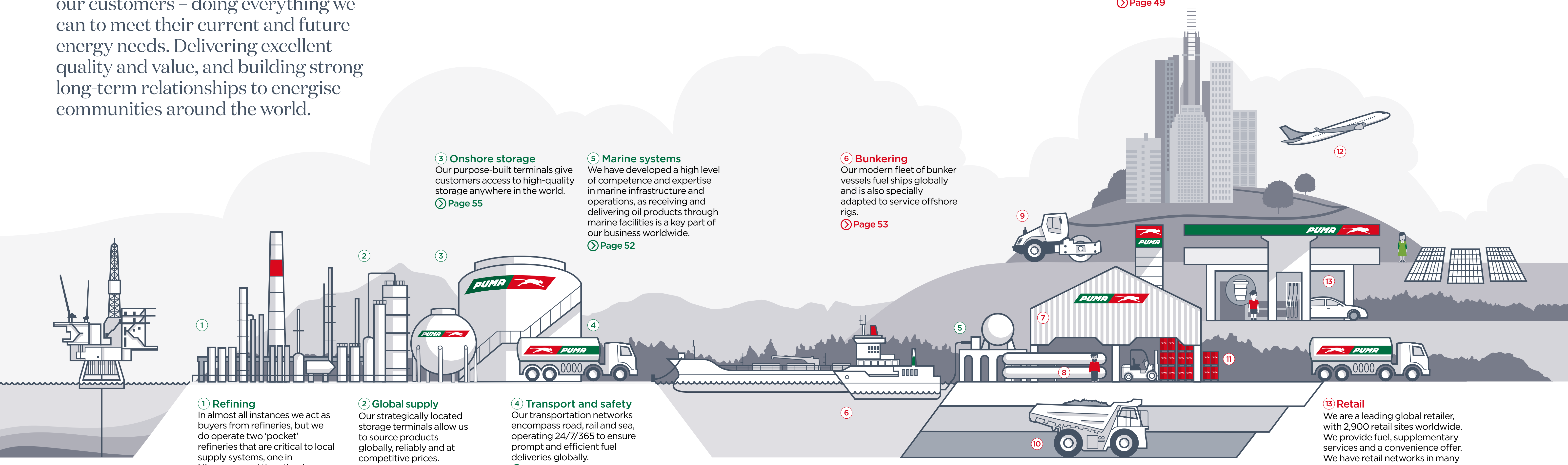
Group revenue by geographic area

Group profit by geographic area

/ WHAT WE DO GROUP OVERVIEW /

What we do

We focus our business around our customers – doing everything we can to meet their current and future energy needs. Delivering excellent quality and value, and building strong long-term relationships to energise communities around the world.



1 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 54

2 Global supply
Our strategically located storage terminals allow us to source products globally, reliably and at competitive prices.
Page 54

3 Onshore storage
Our purpose-built terminals give customers access to high-quality storage anywhere in the world.
Page 55

4 Transport and safety
Our transportation networks encompass road, rail and sea, operating 24/7/365 to ensure prompt and efficient fuel deliveries globally.
Page 55

5 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 52

6 Bunkering
Our modern fleet of bunker vessels fuel ships globally and is also specially adapted to service offshore rigs.
Page 53

7 Wholesale
We supply our petroleum products to independent distributors throughout the world, who in turn sell them on to local retailers and customers.
Page 52

8 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 53

9 Bitumen
We manufacture, store and supply bitumens and polymer-modified bitumens.
Page 51

10 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 48

11 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 49

12 Aviation
We provide consistently high-quality aviation fuel (Avgas and jet) and services to airlines, aircraft operators and aircraft owners around the world.
Page 50

13 Retail
We are a leading global retailer, with 2,900 retail sites worldwide. We provide fuel, supplementary services and a convenience offer. We have retail networks in many countries across Africa, Asia-Pacific and Central and South America, and in Australia.
Page 46

Upstream

Not part of the Puma Energy infrastructure.

Midstream

We support our regional and national wholesale customers through our global network of infrastructure and storage facilities on five continents. We are their trusted partner helping them succeed locally and globally as we work together to move, look after and deliver the energy communities need.

Downstream

From great shopping destinations for local people to aviation fuel for the world's airlines – we provide a wide range of energy solutions to our retail and B2B customers in 46 countries. We are looking to lead and grow in this dynamic, fast-moving world, for example by creating new convenience offers for our retail customers.

Moving forward

Looking ahead, we see exciting opportunities to energise communities in new ways. For example, developing the community retail offer and by creating sustainable energy solutions such as solar, decentralised energy generation and distribution, and biofuels.

Financial and operational highlights

In the first year of our five-year transformation plan, we made solid progress across the business. We are well placed to respond to our customers' growing needs and play our part in the fast-moving energy transition.

US$-327m
OPERATING PROFIT
(2018 US$161m)

US$530m
EBITDA
(2018 US$554m)

22,441k m^3
SALES VOLUMES
(2018 22,171k m^3)

US$14,598m
NET SALES
(2018 US$15,339m)

US$24m
OPERATIONAL IMPROVEMENTS IN 2019

14,195k m^3
THROUGHPUT VOLUMES
(2018 13,435k m^3)

US$1,265m
GROSS PROFIT
(2018 US$1,280m)

US$146m
ORGANIC CAPITAL EXPENDITURE, NET
(2018 US$279m)

US$2,421m
NET TANGIBLE FIXED ASSETS
(2018 US$3,159m)

50%
REDUCTION IN OUR LTIFR IN 2019

"Puma Energy is building on its strengths in energy supply and logistics to forge a new customer-focused path of energising communities around the world. This is an exciting transformation and I am pleased to see the progress made in year one of this journey.

Graham Sharp,
Chairman

Chairman's statement

The world of energy is changing and Puma Energy is changing too. We have a great opportunity to energise communities in high-potential countries around the world.

With our new leadership, customer-led strategy and transformation plan, I am confident we will make the most of the opportunity and in so doing deliver sustainable profitable growth for our stakeholders.

Identifying the opportunity
We looked long and hard at our business, the markets we are in and where we want to be going forward. We are in a world of continued energy growth and increasing energy transition. It is a world in which we can do great things and go far in pursuing our new shared purpose of energising communities. Under the leadership of our new CEO Emma FitzGerald and her team, we have defined a clear customer-focused growth strategy and transformation plan to make the most of this opportunity.

Stabilising the business
The Board approved the new strategy in September 2019. It sets out an exciting direction and journey for Puma Energy. But equally important, our transformation plan emphasises the imperative to deliver here and now in order to stabilise and strengthen the current business, so that we will be in a better position to capitalise on future prospects.

Making real progress
I am pleased to say that real progress has been made to strengthen the current balance sheet of the company. This has been achieved through disciplined, focused action, notably by completing the sale of our Indonesian and Paraguayan businesses and announcing the sale of our Australian commercial and retail fuels business, as part of our ongoing portfolio management. We have also generated significant value from the first wave of our operational improvements.

Focusing on improving health and safety
Striving to ensure the highest standards of health and safety has always been a fundamental feature of Puma Energy. So I am pleased to say that this year we achieved marked improvements in most of our health and safety measurements across the organisation. The one area in particular where we can still improve is in road safety, where we have put considerable emphasis in recent years. We continue to support a number of road safety initiatives around the world, directly through the Company and also through the Puma Energy Foundation. Building on this activity, in 2019 we launched a new campaign focused on trucks: Be Truck Safe.

Ensuring good governance
To provide a strong bedrock for our transformation and journey, we continue to focus on good corporate governance. This is not a static or passive commitment. We actively look to strengthen and enhance the ways we ensure we meet our responsibilities as a corporate citizen and grow sustainably. In 2019 for example, we reviewed and strengthened our committee structures. We expanded our Finance Committee to become the Finance and Investment Committee, reflecting the importance of portfolio management. We also established a Remuneration Committee this year. In addition, we reviewed and revised our Code of Conduct. Looking to 2020, we are working on ensuring that strong risk management, ethics and compliance are part of our everyday Puma Energy culture. You can read more about this in our governance section from page 86.

Board changes
During the year, Robert Gillon and Leopoldino Fragoso do Nascimento stepped down from the Board and I would like to thank them for their contribution and wish them well for the future. We welcomed Michael Wainwright, Director, Trafigura, as a new Board member and look forward to continue to work closely with him.

Celebrating our people
I would like to thank Emma, her Executive Committee, our management teams and all our people who have worked so hard to deliver for our customers day by day while also embracing the transformation we have begun this year. Our teams around the world have done great work in often challenging markets and at a time of considerable change for the Company. We have delivered a strong business performance across key business lines, notably retail, lubricants and aviation. We simply could not do it without the talent, commitment and energy of our people.

Looking ahead
A year on from the start of our transformation journey, we are delivering on our plan and beginning to generate the value we are targeting. Looking ahead, there is a great deal more to do and achieve. We have strong leadership, good governance and a clear direction. I look forward with confidence to the business gaining momentum next year as we continue on our mission to energise communities in high potential countries around the world.

As I step down from my role of Chairman, I look forward to continuing to contribute as a member of the Board, and to working closely with our new Chairman, René Médori, who brings invaluable experience and expertise to Puma Energy.

Graham Sharp,
Chairman

Message from the incoming Chairman

I very much look forward to working closely with my Board colleagues, with Emma and her senior leadership team and, indeed, with everyone in this great company as we focus together on delivering our customer-led strategy and achieving sustainable and profitable growth.

These are exciting times for Puma Energy. We are all working together to pursue our core purpose to energise communities around the world in pursuit of growth and prosperity. A key focus for us going forward will be the transition to renewable energy. With our longstanding presence and commitment in high-potential countries, our strength in services and logistics and our customer focus, we are uniquely placed to lead in this transition and I anticipate the Company making the most of this opportunity in the years ahead.

These are also challenging times, particularly as the world contends with the unprecedented pressures and demands of the Covid-19 pandemic. In tackling these challenges, we remain focused on our customer-led strategy and our unswerving commitment to create a sustainable and profitable business that benefits all stakeholders.

As Chairman, I will be playing my part in Puma Energy's ongoing success. One of my key responsibilities will be to ensure we continue to enhance our governance structures. Drawing on my previous executive roles in the energy and natural resources sectors, I look forward to applying my direct experience of international best practice in corporate governance and operating responsibly in emerging markets. Good governance is at the heart of our customer-led strategy and in close collaboration with the executive management and shareholders I will champion this in Puma Energy.

René Médori,
Chairman

Chief Executive's strategic review

This has been a key year for Puma Energy. We have defined what we are here to do – the distinctive part we play in our fast-changing world. To this end, we are putting customers at the heart of everything we do. We have set down our customer-led strategy and are forging ahead with our transformation to deliver sustainable and profitable growth.

Setting the strategic direction

Articulating our purpose in the world
The world around us is changing fast and creating many challenges and opportunities, not least how best to tackle the climate crisis while ensuring that growing numbers of people, businesses and communities have the energy they need to prosper. This is a big responsibility that touches all of us – we all can and must contribute to a fair and effective global energy transition. We want to play our part in this and it informs the purpose we defined early in 2019.

At Puma Energy, our purpose is to energise communities to help drive growth and prosperity by sustainably serving our customers' needs in high potential countries around the world.

This purpose is our glue as the Puma Energy family – employees, partners and customers. It guides and galvanises our actions every day. For the Executive Committee in particular, it was our compass for shaping our customer-led strategy, which was one of our three key priorities in 2019.

Through the year, we made good progress in delivering against all three priorities.

1. Safely delivering our business plan
Taking our first priority, we stabilised our financial performance in 2019 and delivered our plan, despite some considerable market-related headwinds. Notably, we achieved an EBITDA of US$530m for the full year. In a year of significant change for the organisation, we maintained our laser focus on our day-to-day business and delivered on our commitments.

We also delivered the plan safely. Safety is a key priority for Puma Energy and we constantly strive to improve. So, I am very pleased to report that while delivering on our business plan we also achieved a big improvement in our safety performance this year – reducing our Lost Time Incident Frequency Rate per 100,000 hours worked (LTIFR) by more than 50%, from 1.6 in 2018 to 0.7 in 2019. We are devoting a lot of time, expertise and energy to embedding safety throughout Puma Energy, and it is good to see this having an impact. In 2020, we will continue to drive further sustainable improvements in our safety culture and performance, as well as raising industry standards in the markets we operate. This focus is particularly important, given our desire to accelerate our performance.

2. Developing and embedding our five-year strategic plan
In developing our new strategy, we started with a market by market assessment of our businesses around the world. This helped us to understand the key priority growth markets to focus on across the Americas, Africa, Middle East and Asia-Pacific. It also helped to quantify the scale of the opportunity we have to extract value from our current businesses by simply running them better whilst also strengthening the customer experience in the segments we serve. This work also showed us how best to position Puma Energy to support the energy transition in our key markets, building on the strong relationships we have to support our customers and communities to make the transition.

Putting customers at the heart of everything we do
Bearing this context in mind, we crafted a strategy that puts customers at the heart of everything we do. Building on the presence and strengths we have today, we want to enhance the quality and differentiation of our offer to customers. And we want to develop the business to supply the energy needs of the future, which in turn will enable us to expand into new high-potential markets and geographies, going forward.

To support this strategic focus and drive, we are looking to harness our Puma Energy spirit and further strengthen our distinctive Puma Energy brand.

Reorganising our business
We have also reorganised the business. We are creating global functional centres of excellence to support the creation of a truly customer-led business. This will help us to develop greater quality and consistency in customer value delivery around the world. It will also help us attract, retain and develop our great people, and ensure we continue to improve our health, safety, environment and community (HSEC) performance.

In 2019, we focused on three key priorities:

1/ Safely deliver our business plan

2/ Develop and embed our five-year strategic plan

3/ Strengthen our balance sheet and make sure we have the right portfolio of businesses to deliver sustainable and profitable growth

"To drive a step change in performance and accelerate profitable growth, we are focused on optimising our current businesses at the same time as using our new ventures activities to play our part in supporting the energy transition. This is all in line with our customer-led, margin-led and asset-light strategy.

In particular, we are concentrating on four key customer segments: retail, B2B, lubricants and aviation. We are targeting around 40% uplift in profitability from our retail business, about 30% from lubricants – particularly high-performance speciality lubricants, and another 30% through targeted priority B2B segments, where we will have dedicated customer offers, for example for construction, transportation and mining. Aviation is another big global segment, as is bitumen.

Streamlining, simplifying, sharpening
By streamlining, simplifying and aligning the organisation, we aim to intensify our customer focus, increase our global consistency and efficiency and build ever stronger relationships by delivering best-in-class value to the customers and communities we serve.

Culture is the glue
Another very important factor is our culture. Alongside our purpose, it is the glue for our organisation – giving our people a shared sense of who we are, why we are different and how we go about excelling for our customers. Through the year, we have done a great deal of work to build on our collaborative 'can-do' Puma Energy spirit – in essence to target it more consistently around the world. When I joined at the start of the year, I was very struck by the strength of the culture – the Puma Energy spirit as it is known throughout the Company. We are harnessing and amplifying this spirit to help drive us all forward to deliver our shared purpose.

A core part of this was to define our new set of values as we executed our customer-led strategy. We involved more than 1,500 people from across the world in defining these values: customer-focused, lead by example, collaboration and agility. We are now embedding them throughout Puma Energy. A great example here is that we have put our new values at the heart of our annual Puma Energy Awards. This year we had over 3,300 nominations for the awards, reflecting the dedication and enthusiasm of our people and the strength of the Puma Energy spirit.

In harnessing the positive energy of our culture and aligning it more closely to our purpose and strategy, I have been keen to encourage and increase as much as possible the level of openness, transparency and collaboration throughout the Company. I have an open-door policy to encourage all our people to contact me directly, hold regular town hall meetings and support the honest and free-flowing communication and collaboration of everyone in Puma Energy.

The other key aspect here is accountability. As part of our sharper, more dynamic customer-focused way of excelling, we expect everyone in our business to take real responsibility for delivering what we say we will, to ensure we deliver for all our stakeholders.

Chief Executive's strategic review *continued*

"We are committed to staying and growing stronger in high-potential countries; to sharpening our organisation, to amplifying and making the most of our collaborative, 'can-do' culture, and above all – to being evermore customer-led.

Transforming the business
To help us implement our strategy and meet our challenging business and performance targets, we have established a strong transformation framework with three pillars: operational excellence, focused growth, and new business development.

Focusing on operational excellence
Our first pillar is operational excellence. We have identified opportunities to materially improve the operating performance of the existing business. Whether that involves improving how we control and manage the Company and our existing assets, how we streamline costs, or how we improve relationships with existing customers. Consistency of approach across diverse geographies will also be a great enabler.

Focusing on growth
Our second pillar is focused growth. We are concentrating on growing our existing business lines in a very focused and capital-light way. We aim to take the lead from what our customers need and value – identifying and maximising these opportunities, going and growing where the high potential is. Importantly: going there, and there only. Strong, active portfolio management and smart capital allocation are both key to our focused growth.

Focusing on new ventures
Our third pillar is new business development. As part of this strategic commitment, we are exploring exciting new ventures. The focus here is around playing a leadership role in the growing momentum for energy transition. We believe we are uniquely positioned to help people and businesses in the markets we serve. The global electricity system is evolving to something cleaner, smarter and more decentralised. We have a concentrated footprint in key markets, such as Sub-Saharan Africa, Americas and the Middle East and Asia-Pacific. Moreover, we have strong capability, in logistics and operations, in these difficult to reach markets which are also well positioned for growth. This is a big opportunity for us. There are currently 1.2 billion people without access to electricity in countries with a Puma Energy footprint. Reliable and affordable electricity is a prerequisite to achieving broad social and economic development in these countries and we want to play a leading part in making this happen.

To this end, we aim to work with our customers and communities to enable them to participate in the transition to renewable energy. In our high-potential countries, we see a huge opportunity for Puma Energy to play a foundation role in building, constructing and operating assets that are part of this story. Energy transition will be a key part of the future for our customers and communities. With our existing footprint, depth of experience in services and logistics and intense customer focus, we are not only well placed to help but also energised by the opportunity.

Our commitment to energy transition

As climate change urgency escalates, the need for sustainable energy transition around the world grows. We are committed to supporting this move. As part of this commitment, we are exploring exciting new ventures to enable the energy transition for our customers and communities.

We have identified five focus areas:

1. Solar
2. Decentralised energy
3. Biofuels
4. Data and digitalisation
5. Carbon zero

We are currently building a pipeline of different projects and identifying preferred technology and financial partnerships across these focus areas so that we can move quickly to grasp the opportunity ahead of us.

3. Strengthening our balance sheet and streamlining our portfolio
Our third priority in 2019 was to strengthen our balance sheet. We have worked hard during 2019 to pay down debt through selective asset disposals and stronger working capital management. We ended 2019 with a leverage ratio of less than 2.5 times.

In 2019, we successfully completed the sale of our Indonesian and Paraguayan businesses, generating in excess of US$180m. We also announced the sale of our Australian commercial and retail fuels business to Chevron Australia Downstream Pty Ltd, for a purchase price of $AUD425m. The transaction is expected to complete by mid-2020. Our bitumen business in Australia is not impacted by this transaction and we will continue to invest to enhance our service to bitumen customers.

The restructuring of our portfolio will accelerate in 2020 as we take further steps to reduce complexity and ensure that we are really focused on the important markets in our portfolio.

"The Puma Energy Board has endorsed our customer-led strategic growth plan, which is expected to deliver a material uplift in our operating profit performance over the next four years.

Transformation framework

	Operational excellence	Focused growth	New business development
	Improving performance	**Increasing the size of the current core business**	**Finding new sources of value**
What do we want to achieve?	Improve management and control of existing assets Streamline costs Improve our value proposition to customers	Attracting new customers and increasing turnover Increasing our network presence Expanding our product portfolio	New products in existing geographies New businesses in existing geographies Market entry into new geographies
What are the enablers?	**Operational model**	**Culture**	**Digitalisation**

Chief Executive's strategic review *continued*

Delivering against the strategic plan

Identifying and implementing improvements
The execution of our customer-led strategy is well underway and we are seeing encouraging results in terms of unit margin growth and stronger customer relationships.

Our global centres of customer excellence and the regional commercial teams are in place to support our business lines. We are prioritising the four key customer segments where we see the greatest opportunities to grow profitably: aviation, retail, lubricants and B2B.

I would like to share a few examples of our achievements in these areas, starting with the one with the biggest potential – retail.

We have finalised the retail network plan for Guatemala and El Salvador. This holistic way of looking at our network allows us to have a more strategic view of the different actions both to rationalise our network, develop our business beyond fuels and importantly, to strengthen our brand in the region for convenience offerings and for fuels.

The Zimbabwe team has also grown retail volumes in the face of a contracting economy and high inflation by supporting the working capital of our dealers and enhancing the efficiency of our retail network by converting sites from Company- to dealer-owned operations. The team has also done great work there, in very challenging conditions this year, to ensure that our basic operations and the customer experience are improved.

In Angola, we faced challenging market conditions due to the fuel shortages in the first half of the year, a continuing pump price freeze and further currency devaluation in October which put downward margin pressure on the business. In response, we worked closely with Sonangol to help ensure that the limited fuel available was prioritised appropriately to minimise customer impact. We also focused on our aviation business, the preferred supplier of choice for international airlines flying into and out of Angola.

We are also working on global customer loyalty initiatives to bring more customers to our retail locations and deliver underlying unit margin growth.

We also have a significant opportunity in our high-performance lubricants business. For example, the adoption of a solutions-based rather than a product-based approach to respond to customer needs is already yielding material improvement in unit margin as well as cementing our role in supporting our customers to deliver sustained performance. This really is a great example of our customer-focused, margin-led, asset-light approach to growing our business.

A B2B example is the work we are doing in Papua New Guinea (PNG), to adapt our key account management approach to focus on strategic customer partnerships. We have achieved a sole supplier position with two of PNG's largest diesel consumers, demonstrating that by working with customers to understand their strategic goals we can deliver solutions that truly meet their needs. This has enabled us to extract additional sales volume and margin and open up new business opportunities in our new ventures activities.

We are also now defining and delivering targeted customer value propositions to global and regional customers in priority segments by offering solutions rather than just products. In Zambia for example, we have helped a customer improve productivity as well as health and safety performance.

Generating value in the medium term
These examples are all part of our programme of operational improvements. We currently have 167 different improvement initiatives in the pipeline or underway. The first wave of these improvements has already delivered over US$24m of value in 2019. US$10m of these benefits was delivered in Q4, reflecting our accelerated momentum in delivering improvements in our underlying operational performance.

The value generated from the early strategic wins has helped us to offset some of the headwinds that we continue to experience in a number of our markets. They also allowed us to absorb the US$8m financial impact of our planned refinery turnaround in PNG in Q3 2019. I am delighted to confirm that this turnaround was carried out safely, on time and on budget, which was a great testament to the good discipline of the team managing the project, given the scale of the activity.

We will build on our quick wins and are expecting our operational improvements to gather pace and momentum in 2020. We are targeting US$200m of value over the next four years in line with our ambitious five-year plan.

We expect market conditions to remain extremely challenging for the foreseeable future, particularly given the economic impact of the spread of Covid-19 during Q1 2020. We believe that a continuing laser focus on customer-led operational improvements, combined with strong cost focus, effective capital allocation and disciplined targeting of investments in the markets and segments where we see the most promising growth potential, will help us to ride out the turbulence and create a sustainable and profitable business in the medium term.

We will also continue to work proactively to simplify and de-risk our global portfolio of countries and remain committed to achieving a sustainable leverage ratio of <2.5x by the end of 2020.

> *We are making great progress together. I have no doubt that we can create a bright future for Puma Energy and for the communities we serve as we focus with ever greater intensity on successfully implementing our customer-led growth strategy.*

Doing business responsibly
We are deeply committed to doing business responsibly. This comes through in our shared purpose and values, is reinforced through our culture and enshrined in our corporate governance, standards, policies and practices. From meeting our health, safety, environmental and community (HSEC) commitments to treating our people fairly and supportively, we always strive to do the right thing. This is an absolute priority for myself and my Executive team.

Nurturing our talent
Alongside our laser focus on our customers, our amazing people remain at the heart of our story. We continue to work hard to attract, retain and develop the very best talent. We are creating a performance-led culture where we transparently reward the best talent for the impact they have for our customers and shareholders. This talent focus is an enduring and increasing focus for us.

I would like to take this opportunity to thank everyone in Puma Energy for their continued dedication and outstanding contributions throughout the year. The Puma Energy spirit comes to life through our people and all our partners. I am inspired every day by the stories I hear of the way they are using their unique skills, teamwork and passion to energise the customers and communities we serve.

Looking ahead
Our Environmental, Social and Governance (ESG) commitment is a critical part of growing our business in a sustainable way to generate real long-term value for our stakeholders. During 2020 we will embed our ESG framework across all our operations and use it as our compass to prioritise our new ventures activities.

We have made a strong start to our transformation to a customer-led organisation during 2019. The foundations have been laid, we have delivered on our commitments and we will accelerate our progress as we continue to dedicate ourselves to energising communities around the world and achieving a step change in operating performance and sustainable and profitable growth.

Looking ahead, we will continue to focus our collective efforts on putting our new customer-led strategy into action, and on transforming Puma Energy to be a more resilient business capable of riding out the most challenging market conditions. We will relentlessly look for ways to drive improved business performance. We will carefully prioritise our investments to focus on the highest potential markets and biggest growth opportunities. We will aim to achieve the maximum traction on our operational improvements and push for the best commercial outcomes in every market by developing great value propositions that delight our customers. By doing this we will deliver sustainable and profitable growth and better outcomes for our customers, our investors – for all our stakeholders.

Emma FitzGerald,
Chief Executive

Strengthening the executive leadership team

In 2020, we are strengthening the executive leadership team to help drive and accelerate the transformation of Puma Energy.

Emma FitzGerald
Chief Executive Officer

Deborah Binks-Moore
Head of Corporate Affairs and Marketing

Pierre Costa
Chief information Officer

Andrew Kemp
Chief Financial Officer

Eghosa Oriaikhi Mabhena
Head of Africa

Antonio Mawad
Global Head of HSE and Operations

Alan McGown
Chief Transformation Officer

Jonathan Pegler
Head of Supply and Trading and New Ventures

Michael Schulz
Chief People and Culture Officer

Dirk-Jan Vanderbroeck
Global Head of Portfolio Management

Rodrigo Zavala
Head of Americas

Christophe Zyde
Chief Customer Officer

Read more on pages 90 – 93

We are dedicated to...

Operational excellence

Improving performance

The focus here is on improving the management and control of existing assets; streamlining costs; and improving our value proposition to customers.

We have a large global asset base, which ensures security of supply for our customers around the world. We put the customer at the heart of everything we do, and have accelerated the implementation of our customer-led strategy.

Progress in 2019
In 2019, we identified opportunities to improve our performance materially by implementing a number of operational improvements to our core business. For example, significant improvements were realised by delivering a consistent value proposition in convenience retail and maximising the value generated from our 3,000 retail sites. In Lubricants, we worked on building a more consistent presence of Puma-branded lubricants at our retail sites and expanded our reach into other channels of trade.

Future focus
Our initial strategy work led to the identification of 167 operational improvement projects, which will contribute around US$67m in earnings before interest and taxes (EBIT) in 2020. This year we have identified further stretch opportunities that will contribute in the region of US$28m towards our additional stretch EBIT target of US$300m.

What these past and future successes have in common is a laser-like focus on delivering the basics really well, and collaboration and teamwork across our geographies. The 2019 quick wins give us confidence that we can accelerate momentum in delivering better experiences for our customers and generate more value for our shareholders and investors.

Operational excellence | Focused growth | New business development

Improve management and control of existing assets

Streamline costs

Improve our value proposition to customers

We are dedicated to...

Focused growth

Increasing the size of the current core business

The focus here is on attracting new customers and increasing our turnover; increasing our network presence; and expanding our existing portfolio.

Progress in 2019
We are concentrating on growing our existing business lines in a very focused and capital-light way. We aim to take the lead from what our customers need and value – identifying and maximising these opportunities, going and growing where the high potential is. Importantly: going there, and there only.

To this end, we are looking to develop and deliver solutions-based customer value propositions in key sectors for growth such as mining, construction and transport. This is a core part of our aim to develop closer long-term relationships with customers and in turn, drive sustainable growth. The early wins from 2019 give us confidence that we can accelerate momentum in delivering better experiences for our customers and more value for our shareholders and investors.

Strong, active portfolio management and smart capital allocation are both key to our focused growth. In 2019, we successfully completed the sale of our Indonesian and Paraguayan businesses, generating in excess of US$180m.

We also announced the sale of our Australian commercial and retail fuels business to Chevron Australia Downstream Pty Ltd, for a purchase price of $AUD425m. The transaction is expected to complete by mid-2020.

Future focus
Looking ahead, we are carefully prioritising our investments in 2020 to focus on the highest potential markets and biggest growth opportunities. Our aim is to deliver a step change in sustainable and profitable growth.

Operational excellence | **Focused growth** | New business development

Attracting new customers and increasing turnover

Increasing our network presence

Expanding our product portfolio

/ **FOCUSED GROWTH** GROUP OVERVIEW /

We are dedicated to...

New business development

Finding new sources of value

The focus here is on new products in existing geographies; new businesses in existing geographies; and market entry into new geographies.

Progress in 2019

As part of our strategic focus on new business development, we are creating a new ventures business to take advantage of the opportunities created by the energy transition. We are uniquely positioned to help people and businesses, in the markets we serve, to address some of the key challenges in the energy transition. The global electricity system is evolving to cleaner, smarter and more decentralised energy.

We have a concentrated footprint in key high-potential markets, such as Sub-Saharan Africa, Americas and the Middle East and Asia-Pacific. We have strong capability, in logistics and operations, in these difficult to reach markets. This is a big opportunity for us to play and to win – to help provide reliable, affordable energy to the 1.2 billion people without access to electricity in the countries in which we operate.

Looking ahead

To play a foundation role in building, constructing and operating assets that are part of this story, we have identified five focus areas: solar, decentralised energy, biofuels, data and digitalisation, and carbon zero. We are currently working on a number of different projects and partnerships across these focus areas. Our focus in 2020 will be to pilot some of these projects, as well as continuing to build our understanding of customer requirements and designing solutions with those in mind. Our Environmental, Social and Governance (ESG) commitment is also a critical part of growing our business in a sustainable way. During 2020 we will embed our ESG framework across all our operations and use it as our compass to prioritise our new ventures activities.

Operational excellence

Focused growth

New business development

- New products in existing geographies
- New businesses in existing geographies
- Market entry into new geographies

/ HOW WE CREATE VALUE GROUP OVERVIEW /

How we create value

The world we live in is full of exciting opportunities for us to lead in energising communities. Capitalising on our distinctive strengths, we focus on creating value for our stakeholders.

Guided by

Our purpose
We are guided and inspired by our purpose – to energise communities to help drive growth and prosperity by sustainably serving our customers' needs in high-potential countries around the world.

Customer-led strategy

We have a clear three-part transformation plan to deliver our customer-focused strategy. In essence it focuses us on excelling at everything we do, growing in a highly focused way and exploring exciting new opportunities to energise communities around the world.

Read more on pages 14 – 25

Operational excellence

Focused growth

New business development

Impacted by

Our six capitals
In line with best practice for integrated reporting, we report on the six capitals that together provide a true picture of value across the Group. This way of telling a comprehensive, connected story fits well with our holistic view of value and our focus on energising communities to create sustainable value for long-term good.

Financial strength

Our people

Customers and communities

Physical assets

Natural resources

Our products and brands

Our business

From giving the people who visit our retail sites a great experience to working closely with industrial businesses to help them optimise their operations – we put our customers at the heart of everything we do.

We deliver for our customers through a range of global business lines dedicated to delivering the very best products, services and experience.

Read more on pages 44 – 55

Retail

Lubricants

Aviation

Bitumen

LPG

B2B

Bunkering

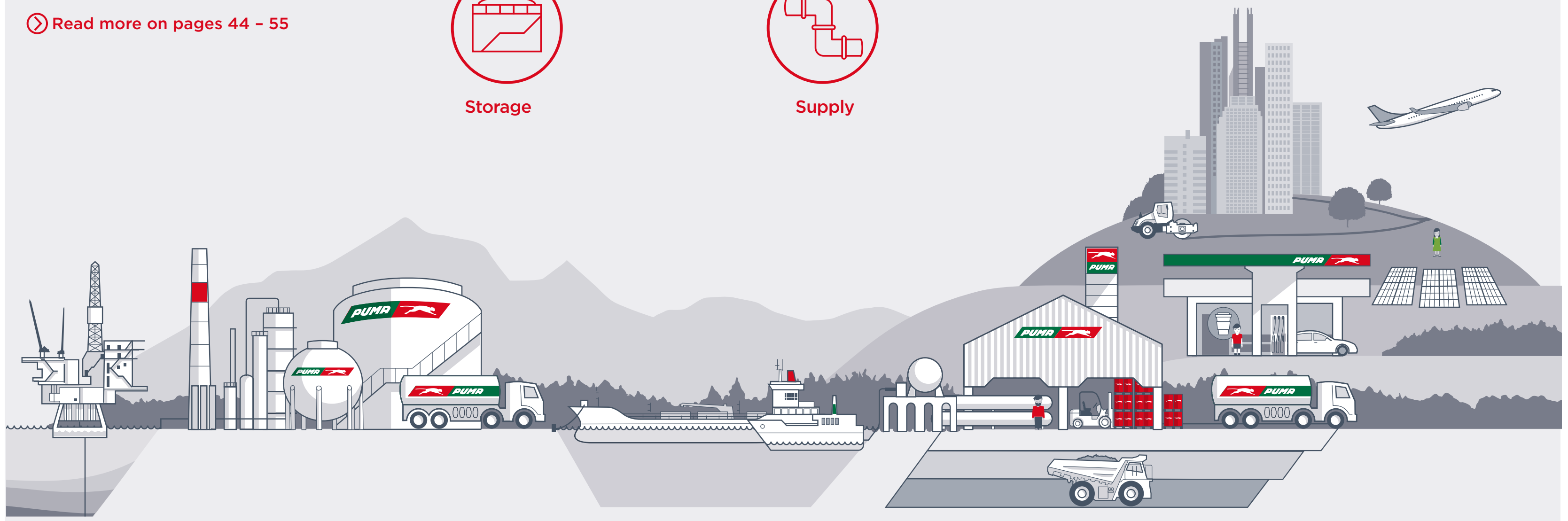
Wholesale

Marine Systems

Refining

Storage

Supply



Underpinned by our values

We live our values every day. They get to the heart of our way of energising communities around the world.

Read more on page 64

Customer focus / Lead by example / Collaboration / Agility

Delivering positive impact for our stakeholders

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.

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, including targeted campaigns such as our Be Road Safe campaign, which is now in its seventh year.

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, customer-focused organisation.

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

Read more on pages 36 – 37

Key strengths drive us forward

Our customer focus
We focus our business around our customers. We aim to get close to our customers, to build strong relationships with them and to do everything we can to meet their current and future needs in line with our shared purpose of energising communities.

Our global network
Our broad and deep global network provides an essential foundation for our customer-focused business. We focus our extensive supply, refining, storage and transportation infrastructure on enabling our business lines to serve and excel for our customers.

Our energetic spirit
Our distinctive Puma Energy spirit is at the heart of our high performance, forward momentum and innovation. It is our way of fulfilling our purpose and is distilled into our four values: customer focus, lead by example, collaboration, agility.

Our great people
The talent, commitment and sheer positive energy of our 9,300+ people sets us apart and enables us to succeed. Their excellence and enthusiasm make all the difference and we invest in helping our people to grow and thrive with us.

Creating value in 2019

In this section, we highlight examples of the value we created for our customers and stakeholders in 2019, in line with our strategic plan and drawing on our pool of six capitals.

Improving our safety performance

Safety is the bedrock of our success as a dynamic responsible business committed to energising communities around the world. We continue to set and follow world-class health and safety standards, devoting a lot of time, expertise and energy to making sure HSE is a basic value of our day-to-day behaviour in Puma Energy.

This good work is delivering results. In 2019, Our Lost Time Injury Frequency Rate (LTIFR) goal was 1.4 – we achieved 0.7, compared to 1.6 in 2018 – a more than 50% improvement in performance.

Our Total Recordable Case Frequency Rate (TRCFR) was 3.3 – we achieved 2.9 in 2019, compared to 3.7 in 2018.

We will continue to drive further sustainable improvements in our safety culture and performance, as well as raising industry standards in the markets in which we operate.

Read more on page 66

Streamlining our portfolio

In line with our global transformation strategy, in 2019 we focused on optimising our portfolio, paying down debt and concentrating on high potential markets where we can drive long-term sustainable and profitable growth.

We successfully completed the sale of our business operations in Paraguay to Impala Terminals Group, a joint venture between Trafigura and the IFM Global Infrastructure Fund. We also sold our Indonesian business. Together, these transactions generated in excess of US$180m.

In December 2019, we announced the sale of our Australian commercial and retail fuels business to Chevron Australia Downstream Pty Ltd, for $AUD425m. The transaction is expected to complete by mid-2020. Our bitumen business in Australia is not impacted by this transaction and we will continue to invest to enhance our service to bitumen customers.

Read more on page 72

Securing US$24m of value from operational improvements

In 2019, we identified opportunities to improve our performance materially by implementing a number of operational improvements to our core business.

We currently have 167 different operational improvement initiatives in the pipeline or underway. The first wave of these improvements have already delivered over US$24m of value in 2019.

The 2019 quick wins give us confidence we can accelerate momentum in delivering better experiences for our customers and generating more value for our shareholders and investors.

Read more on page 20

Providing high-performance lubricants for commercial customers

We offer our customers an integrated value proposition that sets us apart from the competition. Our world-class, problem-solving expertise and guaranteed on-time delivery promise, ensure we get close to our customers, really understand their issues and provide genuinely helpful solutions. This includes not only high-performance lubricants, but also service and support tailored to each customer that will help them run their operations more reliably, efficiently and productively.

In 2019, we progressed our lubricants business in Africa, where we have a great opportunity to offer high-performance lubricants coupled with superior performance. In a pilot project with a copper mine in North-West Zambia, we collaborated closely with our customer, enabling them to quickly improve equipment reliability and reduce maintenance costs with the help of our high-performance Puma Vitrix HD lubricant. Following the success of the pilot, we are planning to expand the model across the continent.

Read more on page 49

Reducing costs

Through strong cost management and discipline, we succeeded in reducing our costs by 6% this year on a like-for-like basis. There is more to be achieved and we continue to concentrate on driving down costs and increasing efficiency across Puma Energy.

6%
COST REDUCTION IN 2019

Extending the retail convenience offer in the Americas

In 2019, we developed a clear and comprehensive improvement plan for our global retail business. One of the key improvement initiatives is convenience retailing – expanding and improving our convenience offering and taking a more rigorous, consistent approach to getting closer to our customers with broader and better products and services.

In the Americas, we redesigned the visual identity for the Super 7 shops as well as the operational layout. Following the successful implementation in Guatemala and Honduras in 2019, we will roll out the redesign across Central America and Puerto Rico in 2020, including 40 new sites with the Super 7 brand.

Read more on page 46

Investing in our first digital learning app

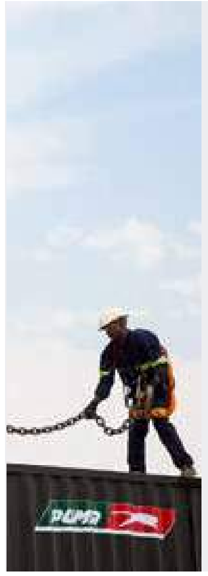
We have designed our first digital learning app to train our staff across our 2,900 filling stations. This not only covers our own employees, but also dealer employees – around 12,700 people. The app guides staff on the core things they need to know to operate well (for example, safety) and trains them on how to deliver customer-focused retail excellence.

Serving the world's leading airlines and airports

Our aviation operations fuel 84 airports every day. We continue to raise the standards of storage, product quality and refuelling time at airports worldwide. From touchdown to take-off, we refuel our customers on time, while keeping safety at the heart of everything we do.

Our aviation business delivered a strong performance in 2019 – we succeeded in doubling our EBITDA in the past five years. In many ways it is the business model for the global consistency, quality and customer-focused solutions we are developing across all our different business lines.

Read more on page 50



Growing our Bitumen business around the world

We are proud to be a global market leader in Bitumen. During 2019, we handled enough Bitumen to lay over 12,000km of six-lane highway – the distance from Geneva to Singapore via Hong Kong.

Our Bitumen business continued to grow significantly. The vessel fleet size, our number of strategic refinery partners, our volumes sold into our markets and our customers all increased. We also entered into a number of new markets, including India and China.

In 2019 we assisted several countries, including Mozambique and Congo, in major road building projects – sourcing and supplying the bitumen they need using our state-of-the-art fleet of bespoke insulted bitumen carriers and purpose-built terminals.

Read more on page 51

Transforming with and through our people

As we pursue our strategic direction to become ever more customer-focused, our people and our culture, more than ever before, take centre stage.

We are committed to ensuring we have the right skills and capabilities for the business going forward. To this end, we focus on high quality learning and development at all levels of the organisation from senior leaders to retail dealer teams.

We offer a wide range of learning and development opportunities for our people. In 2019, we rolled out our Commercial Academy globally. It is going from strength to strength, promoting consistent high standards across our business lines. We have also designed a Dealer Academy to train our dealers. In addition, we have a large and growing library of e-learnings, with over 200 strategically aligned online training programmes for all our employees and other available learning resources.

We are proud of our diverse workforce, which reflects and draws from the many different local communities we work in around the world. We seek to employ local people throughout our businesses. Increasingly, these employees are taking senior positions, as more and more great, locally recruited, talent move up through the Company.

Read more on page 64

Working with a local community in Angola to manage waste

As part of our commitment to energising the communities where we operate, we continue to help the neighbouring Fishing Port Terminal community in Luanda to manage their waste as safely and effectively as possible. Over the years we have made ongoing investments and are working with the local administration and waste collection companies to tackle the issue. We focus on both education and waste collection to help the approximately 15,000 people in the local community reach a sustainable waste management solution.

Read more on page 70

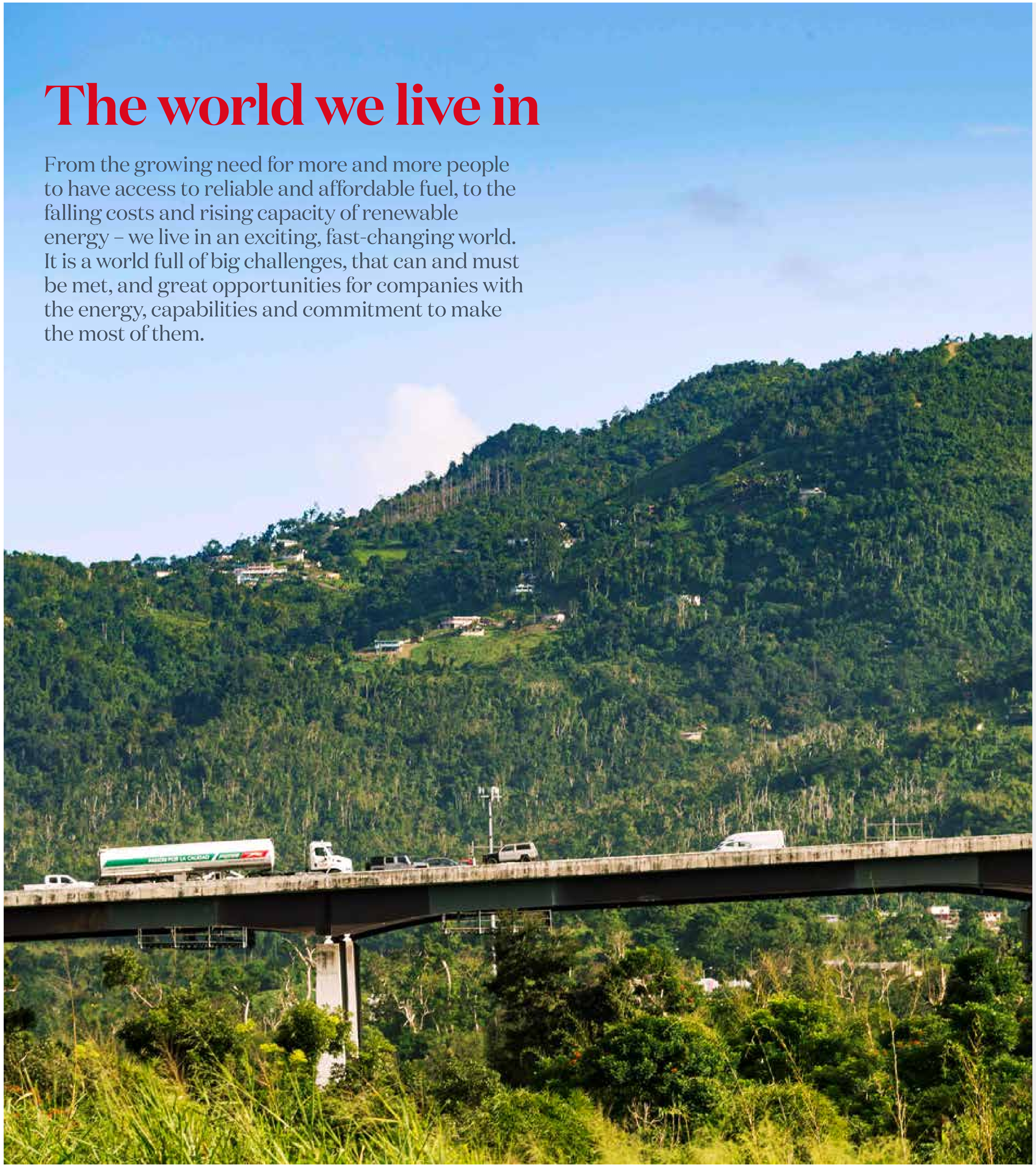
Responding to Cyclone Idai in Mozambique

When Cyclone Idai hit Mozambique in March 2019, our team was ready and quick to act. Emergency response teams from different departments focused on ensuring business continuity at our 120k m³ terminal in Beira, which not only supports our aviation fuelling operations in Mozambique, but also acts as a strategic hub supplying the surrounding countries of Southern Africa. At the same time, we actively supported the local community with food, clothing and transportation, as well as participating in clean-up operations.

Read more on page 60

The world we live in

From the growing need for more and more people to have access to reliable and affordable fuel, to the falling costs and rising capacity of renewable energy – we live in an exciting, fast-changing world. It is a world full of big challenges, that can and must be met, and great opportunities for companies with the energy, capabilities and commitment to make the most of them.



Key trends

The world we live in is characterised by a number of key trends. We outline them here, focusing on what is happening, what it means for Puma Energy and how we are responding.

Growing global energy demand

Fuelled by ongoing global demographic and economic growth, energy demand continues to grow around the world. This is particularly true in the high-potential countries where we operate and focus. Forecast growth for the Americas, Africa, Middle East and Asia-Pacific is significantly higher than for Organisation for Economic Cooperation and Development (OECD) countries. The expansion of the middle class in these countries is key in fuelling higher growth. As a result, while the demand for petroleum products in OECD countries is likely to shrink over the coming decades, demand in our markets will continue to grow.

We are well placed to capitalise on this growing demand, with our focus on high-potential countries across the Americas, Africa, Middle East and Asia-Pacific. We will continue to make the most of this advantage, focusing on the highest potential markets and biggest growth opportunities.

Changing customer needs

From individuals enjoying our retail outlets to businesses relying on our tailored solutions and support, the needs of our customers continue to change. Customers are becoming ever more demanding. There is an increasing emphasis on quality, value and experiences, rather than just products and price.

There is also an increasing interest in, and demand for, sustainable products and services. In both consumer and commercial markets, relationships are key. Customer intimacy is also critical – getting close to customers and really understanding what they want to serve them better.

Driven by our core purpose of energising communities around the world and our customer-focused strategy, we place great emphasis on understanding the needs of our different customers and developing strong customer value propositions. Looking ahead, we are focusing on defining and understanding the future aspirations of our existing customers and planning for the demands of our future customers.

Climate change

There is increasing evidence, urgency and drive to address climate change. Developed markets are implementing more stretch targets on CO_2 emissions and climate change. Consumers are increasingly calling for, and expecting, genuine sustainable, impactful action on climate change. Investors are too, as are international institutions.

We are actively focusing on this issue and are working to formalise our commitments and framework to move towards net carbon zero operations as part of our vision for the future of energising communities around the world.

The world we live in
continued

The rise of renewable energy
Renewable energy solutions are increasing in capacity, effectiveness and efficiency, thanks to accelerating advances in technology – from wind power to solar to battery storage. The costs of renewable energy are coming down. Innovation in this area takes many forms, from smart energy management to micro and hybrid energy solutions. There is growing interest and investment in renewable energy solutions, not just in developed markets, but also in the emerging countries that we focus on. Indeed, as many of these countries do not have an established traditional infrastructure providing highly reliable energy availability, the opportunity to move to modern renewable sources of decentralised energy is even more attractive and compelling.

Our new ventures arm is well placed to capitalise on these developments. We are determined to be a leader in creating sustainable energy solutions for the communities in our high-potential markets. Working with responsible and engaged partners, we aim to enable these communities to implement and gain from energy transition.

Industry dynamism
The energy industry is in a highly dynamic phase. A lot of new players are entering new markets, mostly on the back of convenience offers. The worlds of energy and retail are merging in new and exciting ways – encouraging entrants and requiring existing players to adapt and innovate. Established integrated energy players are expanding in markets. The way energy is generated, distributed, shared, used and monetised is increasingly in flux, for example, through the development of localised models for communities and direct energy solutions for businesses.

We are exploring the dynamics and future of the industry as part of our strategic focus on new business development. Accordingly, we have identified five areas to focus on: solar, decentralised energy, biofuels, data and digitalisation, and carbon zero.

Evolving regulatory environment
The regulatory environment continues to change and grow – increasing the number and range of requirements, adding to complexities, calling for ever higher degrees of awareness, engagement and action. Many of the markets we operate in are highly regulated – engaging closely with regulators and other partners is critical here.

In particular, there is a growing governmental and regulatory movement behind the energy transition. This is true at the global level through various international initiatives often allied to the United Nations Sustainable Development Goals (UN SDGs). It is also true at a local level in many of the countries in which we operate. This is a key opportunity for Puma Energy and we are engaging actively with governments and regulatory bodies to explore the potential for energising communities along these lines.

Market challenges
In a number of the high-potential countries on which we focus, there are financial and economic pressures. These include, for example, the depreciation of emerging market currencies against the US dollar. In Africa in 2019, we faced a number of structural changes in the market, including regulatory changes, inflation and devaluation, constraints on import volumes and the weakening of the Angolan economy.

We have considerable experience and an established presence in many of these markets, together with an ongoing deep commitment to their future. This enables us to navigate the challenges and apply our expertise. For example, to manage currency risks and take a long-term view on how best to energise communities in these markets.

Environmental, social and governance (ESG) issues
Across business and the wider world, there is an increasing focus on ESG issues. Companies are expected to have a strong commitment and framework to manage their ESG impact. These demands are coming from all stakeholders, including customers, investors and regulators. Furthermore, providers of finance to both companies and high-potential countries are looking for robust ESG frameworks – it is an increasingly important factor in lending.

We have always seen robust management of ESG issues as a core part of running and growing Puma Energy. We are combining this foundation of responsible business with our deep presence in local markets and our 'can-do' Puma Energy Spirit to further strengthen our ESG management and impact. During 2020 we will embed our ESG framework across all our operations and use it as our compass to prioritise our new ventures activities.

Regional focus: Key statistics

	AFRICA	ASIA-PACIFIC
GDP GROWTH (UP TO 2024)	4.2%[1]	6.0%
PROJECTED POPULATION GROWTH (UP TO 2024)	12.7%[2]	4.1%
OIL DEMAND INCREASE (UP TO 2025)	25.6%[3]	13.3%

	LATIN AMERICA	EUROPE
GDP GROWTH (UP TO 2024)	2.9%	1.3%
PROJECTED POPULATION GROWTH (UP TO 2024)	4.3%	0%
OIL DEMAND INCREASE / DECREASE (UP TO 2025)	5.2% (increase)	-6% (decrease)

1 Between 2019 and 2024. Source: IMF 2019 World Economic Outlook.
2 Between 2019 and 2024. Source: UN 2019 Revision of World Population Prospects.
3 Source: IEA 2019 World Energy Outlook.

/ **THE WORLD WE LIVE IN** GROUP OVERVIEW /

The world we live in
continued

Oil market overview

It was a challenging year across our markets, but the fundamentals remain in our favour and there are broader energy trends that open up promising opportunities as we continue to pursue our purpose of energising communities around the world.

Navigating a weak and volatile global economy

After synchronised growth around the world in 2018, the global economy in 2019 followed one of its strongest years with one of its weakest, and also one of the most volatile. Higher interest rates, trade war and related tariffs, sanctions, weaker vehicle sales and volatile commodity markets all combined to drive demand growth significantly lower than recent years. Crude oil prices started the year below US$55/barrel before rallying to US$75/barrel by the end of April on the back of shipping attacks in the Gulf and tighter sanctions on Iran and Venezuela. But since that April peak, concerns around economic growth, in light of an ever-deteriorating trade standoff, outweighed even the most bullish factors – driving prices back down by 25%. Further attacks on Saudi Arabia, a trade thaw between the US and China, and signs of an emerging economy recovery pushed prices back to the midpoint of the year's range: around US$65/barrel.

On the supply side, US production continued its upward march, growing by 1.67mmbd over the course of the year (Dec 2019 vs. Dec 2018), or just under 1.5mmbd comparing yearly averages. By any measure, it continued a historic run of supply growth, which in turn contributed to a growing overhang in the market despite curtailments in Venezuela, Iran, Libya, Nigeria and others at various times throughout the year. This eventually led OPEC plus its partners (Russia and others) to extend the expiry date of their previously agreed-to production cuts, as well as deepen them to some degree. As such, the 2019 oil market was carefully balanced between US supply growth and the OPEC+ production cuts.

Challenging markets

Many of the markets Puma operates in faced challenging economic conditions in 2019. The prolonged trade war between China and the US meant that global trade contracted in volume for the first time since the 2008 financial crisis. China recorded its lowest growth rate in over 30 years, with the result that imports from many key emerging markets dipped accordingly. India saw its growth rate fall to half of what it had been just three years ago. Other markets, including Australia, Argentina and South Africa, all suffered from slower growth and, in the case of the latter two, significant sovereign debt issues.

As a result of the weaker global economic growth, oil demand globally saw its weakest performance since 2014. In fact, 2019 global oil demand growth came in at close to half of the growth in 2018, and even weaker if non-refined liquids (liquid petroleum gas and natural gas liquids) are excluded.

Looking ahead

Despite the lower growth in the past year due to trade headwinds and other macro factors, we see great long-term potential in our core markets. Looking ahead, the key drivers of urbanisation, rising incomes and population growth are still intact, and we believe they will continue to drive demand growth. By 2030, cities in key Puma markets are expected to see rapid growth. Lagos and Karachi are both projected to grow by over 30%, with Jakarta (15%) and Buenos Aires (approximately 10%) not far behind. Furthermore, of the six cities that are expected to join the megacity ranks (defined as 10 million people or more), three are in countries where we have a presence: Luanda, Dar es Salaam and Bogota[1].

In developed markets, oil demand is slowing or even declining, again driven by structural factors such as ageing populations, efficiency gains and slower urbanisation rates. Increasingly, electric-based and other alternative fuel vehicles are becoming part of the vehicle fleet. China in particular is seeing very rapid growth. However, despite the gains, electric vehicles remain a very small part of the overall market, accounting for approximately 5.1 million vehicles out of a global car fleet of over 1.1 billion.

As such, given the robust drivers of demand growth in emerging markets, we project oil demand to continue growing for many years to come, particularly in the markets that form the core of our business.

> *The broad global trend of energy transition is gathering momentum.*

Broader energy trends

The broad global trend of energy transition is gathering momentum, driven by increasing urgency and concerns surrounding climate change and advances in renewable energy capacity and reliability allied to decreasing costs. The will to achieve energy transition is growing, and the means are, too.

As the world's energy needs grow with the continued rise in the global population, renewables will no doubt play an even bigger role in providing this energy. Global renewable power capacity is set to expand to 1,200 GW, by 2024; around 60% of this increase will come from solar and close to 30% from wind[2]. By 2050, wind and solar could make up almost half of the world's electricity provision[3].

The rise of renewables is just one of the broader energy trends. From smart grids to decentralised hybrid solutions for local communities, the world of energy is beginning to go through an unprecedented period of change and opportunity.

1 Megacities: Developing Country Domination, Euromonitor International, https://www.weforum.org/agenda/2018/10/these-are-the-megacities-of-the-future/
2 International Energy Agency (IEA)
3 Bloomberg New Energy Research

/ STAKEHOLDER ENGAGEMENT GROUP OVERVIEW /

Stakeholder engagement

We believe that to maximise long-term value and secure sustainable success in energising communities, we must engage closely and forge strong relationships with our key stakeholders.

OUR STAKEHOLDERS	HOW WE ENGAGE	WHAT MATTERS TO THEM	ACTIVITIES IN 2019	MORE INFORMATION
Consumers and B2B customers Our products and services are used by millions of consumers around the world. The continued strong performance of our business would not be possible without the understanding of our customers' needs.	• We conduct regular market research to understand what our consumers think • We have regular dialogue and meetings with B2B customers • We attend industry events and conferences	• Price and quality of products and services • Security of supply • Trust • Data privacy • Climate change and the environment	• Global Customers' Week • Development of the retail offer • Boosting convenience retailing through the Super 7 refurbishment programme • Developing Super 7 online to drive category management and execution • Global offers, solution-driven business • Further rollout of our eAviation technology • Research and development and testing for new products in bitumen • Exploring new ventures to support the energy transition and meet the future energy needs of our customers	**See the Business review from page 44**
Employees We aim to create a trusting, respectful and inclusive culture. We want our people to be proud of their work, empowered to succeed, and to know that their safety and human rights are respected.	• We have an open, collaborative and inclusive management culture and structure • We engage regularly with our employees. We do this through site visits, regular town halls, email, safety briefings and team meetings together with the intranet and our employee magazine, Puma Connect • Training programmes and the appraisal process help to support career development and progression	• Opportunities for development and progression • Opportunities to share ideas and make a difference • Providing a safe place to work • Diversity and inclusion	• More regular communication with employees • Global Customers' Week • Structured learning and development programme with further investment this year in developing the retail offer • Improved safety tracking to provide better granularity to identify risks and improve performance • Creation and communication of new Puma Values • Recognising and celebrating success with the Puma Awards • Senior leadership team up to 25% female • Over 90% of all employees are local • We plan to measure employee engagement in 2020	**See Our people on page 64**
Business partners We aim to have strong relationships with all our business partners to ensure we are collectively energising communities. Our business partners include suppliers, contractors, franchisees and dealers.	• We work closely with business partners to share our plans and policies, provide information and support, and develop joint initiatives for mutual gain	• Clear standards and policies • Support for their aims and ambitions	• Dedicated dealer training and smart support tools • New risk-based policies for agents and intermediaries	**See the Business review from page 44**
Local communities We aim to support and empower the communities where we live, work and sell. By ensuring we make a positive contribution, we can help build thriving communities and strengthen our business.	• We have deep links with the communities we serve and are part of. In many cases these relationships have been built up over a number of years through our ongoing local presence and operations • Our links are further strengthened through targeted community development programmes, for example on road safety	• Environment and climate change • Behaving in an ethical and responsible manner • Road safety • Maintenance of fuel supply in incidences of natural disaster	• Be Puma Safe: road safety campaign • Ongoing community initiatives to support local communities where we can make a difference • Disaster relief following Cyclone Idai	**See Our communities on page 70**
Governments and regulators As a responsible business we are committed to engaging constructively with governments and regulators in the countries in which we operate.	• We build strong relationships with governments and regulators through ongoing communication and information sharing and regular face-to-face meetings, including senior level contact	• Supporting the transition to lower carbon economies • Road safety	• Stakeholder mapping exercise across our African markets	**See the Business review from page 44**
Investors Our shareholders and debt providers play an important long term part in our business. We maintain close and supportive relationships characterised by openness, transparency and mutual understanding.	• We have regular (monthly) dialogue with our shareholders and follow-up sessions. In doing so we ensure that shareholder views are brought into our boardroom and considered in our decision making • We arrange debt facilities from a diverse group of providers. We engage with these providers and credit ratings agencies through regular meetings, presentations and webcasts to ensure that they remain fully informed on all relevant areas of our business	• Openness and transparency • Financial performance • Strategy and business model • ESG performance • Credit rating	• More active and regular dialogue with shareholders	**See the CEO's strategic review on pages 14 – 19 and How we create value on page 26**

Measuring performance – KPIs

We assess our performance across a wide range of measures and indicators that are consistent with our strategy and our purpose. Our key performance indicators (KPIs) provide a balanced set of metrics that give emphasis to both financial and non-financial measures. These help the Board and the Executive Committee assess our performance.

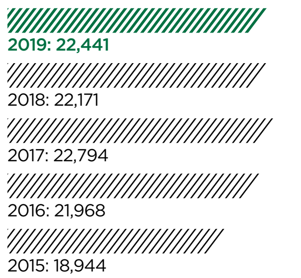
Financial and operational KPIs

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.

Rationale and performance
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, Pakistan, South Africa, the UK and also our Bitumen supply and trading operations.

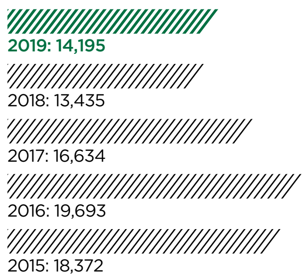


Throughput volumes (k m³)

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.

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

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.

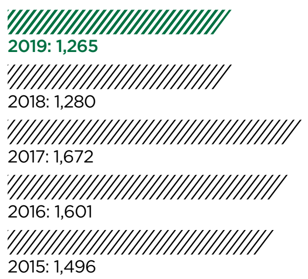


Gross profit (US$m)

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

Rationale and performance
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 2019 continues to be 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.

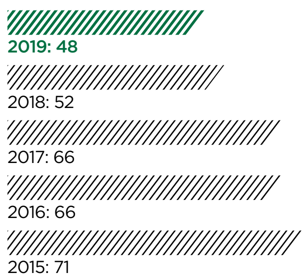


Unit margin (US$/m³)

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.

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

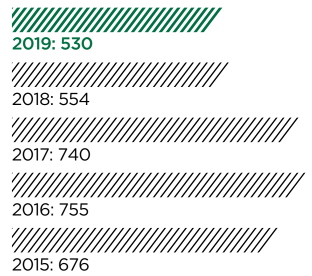


EBITDA (US$m)

Earnings before interest, tax, depreciation and amortisation.

Rationale and performance
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.

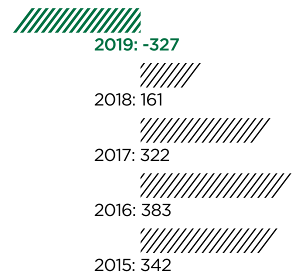
EBITDA continues to be impacted this year by lower gross profit in some of our key markets, such as Australia and Angola, and FX effects from the devaluation of most currencies against the US Dollar partly offset by cost savings and improvement initiatives.



Operating profit (US$m)

Profit after depreciation and amortisation but before interest and tax.

Rationale and performance
Operating profit was impacted by lower gross profit, and non-recurring impairment expenses recorded on goodwill and fixed assets. Out of the total impairment of US$661m there were US$416m related to our Australian operations.

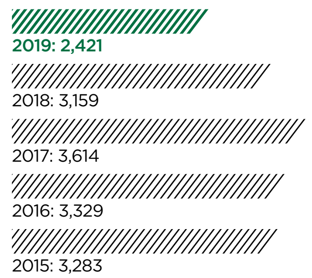


Net tangible fixed assets (US$m)

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

Rationale and performance
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 by almost 50% compared to the previous year.

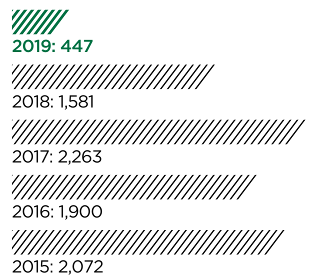


Consolidated net worth (US$m)

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

Rationale and performance
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 and also the loss for the year mainly driven by impairments.

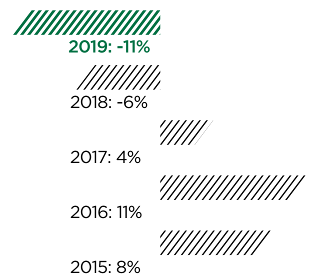


Compound annual growth rate (CAGR)

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

Rationale and performance
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.

After significant growth up to 2016 we have been experiencing lower EBITDA due to compressed unit margins in some of our key markets like Angola and Australia.



Measuring performance *continued*

Non-Financial KPIs

Work-related fatal injuries

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

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

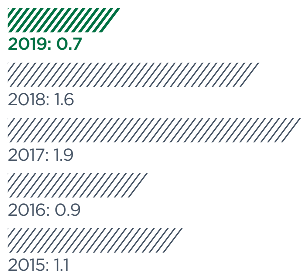
We registered no work-related fatalities in 2019.

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).

Rationale and performance
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.

In 2019 we reduced our LTIFR by more than 50%.

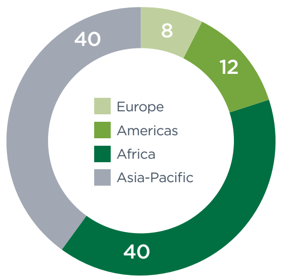


Workforce (by continent)

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

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

Our workforce comprises 40% African, 12% Latin American, 8% European and 40% Asia-Pacific employees.

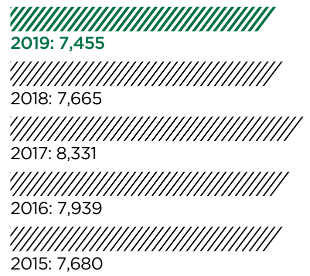


Storage capacity (k m³)

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

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

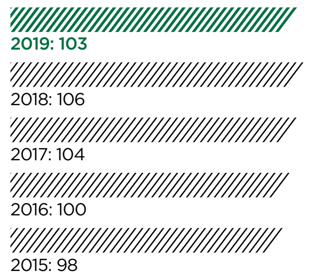
The decrease in storage capacity in 2019 is primarily due to the disposal of our operations in Paraguay and Indonesia.



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.

Rationale and performance
Our network of 103 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.

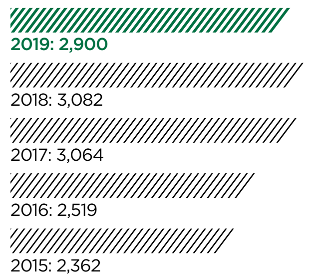


Number of retail sites

Number of retail sites in our global retail network.

Rationale and performance
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 2019, our number of retail sites decreased mainly through the disposal of our operations in Paraguay including 186 retail stations.



2

Performance review

"Energising communities is a promise to really understand the needs of the communities I serve. It is about listening, learning and improving to raise standards and have a bigger positive impact together.

Business review

Growing in key areas of the business, forging stronger customer relationships around the world, investing in our great people, improving our health and safety record – the business performed very well in a year of major transformation.

Focusing wholeheartedly on our customers
Change for the better was a theme running throughout our performance this year. Nowhere more so than in our renewed and intensified focus on our customers. This is rooted in our new core purpose to energise communities and our strategic transformation plan.

The key element of our strategy is to become a more much customer-focused, customer-centric organisation. To this end we have created a global centre of customer expertise to support our business lines and the regional commercial teams.

We have a team of experts supporting our retail operations, for example. They are responsible for developing and driving customer value propositions, and supporting systems and tools to help regional in-country teams deliver exactly what their retail customers value.

We also have experts focused on our business customers. They work closely with our business lines, including B2B, lubricants and aviation – developing the customer value propositions and ensuring they are consistently implemented and delivered locally to our customers around the world.

Wherever we work, we want to make it easy for our customers to do business with us. So, for example, we look for ways to simplify things and give our customers everything they want as a tailored one-stop shop, including expertise, advice and support. We can, for example, combine fuels, lubricants and bitumen into one easy to manage, high quality, tailored service, so our business customers can concentrate on running and growing their business.

Striving for strong sustainable growth
We believe investing in and improving our Health, Safety, Environment and Community (HSEC) performance goes hand in hand with our business performance. It is all part of our dedication to energising communities to drive strong, sustainable prosperity and growth.

We want to drive long-term mutually beneficial relationships with our customers on the back of delivering real value to them.

/ BUSINESS SECTORS PERFORMANCE REVIEW /

Business sectors

We performed well across our core business sectors while forging ahead with our customer-focused transformation.

Retail

Highlights

Identifying comprehensive improvements and beginning to implement them

Increasing the global consistency of giving our customers the very best experience

Investing in smart systems and dedicated training for our retail network

Across our global retail network, we are professionalising the delivery of a fantastic experience delight for our customers.

Our retail offer

We provide high-quality, competitively-priced fuels and lubricants, supplementary services such as car washes and ATMs, and a growing range of great products and services through our convenience stores, cafes and restaurants – all at welcoming, secure sites that offer easy digital ways to pay.

Focusing on improvement

This year we developed a clear and comprehensive improvement plan for our global retail business. It includes a series of actionable items and we have already launched a number of them. For example, we are working on developing our loyalty offer and exploring how to make sure we gain the most value from our retail sites. Network planning will be at the core of what we do in retail. Significant progress was made to develop clear retail strategies and network plans for our key markets in order to ensure a fact base development of our network.

The emphasis has been on getting close to customers to build stronger relationships and gaining greater consistency across our network. Our new global centre of customer expertise is playing a key role in helping the regional and local retail teams to deliver on this.

In this year of transformation, we focused on gaining greater value from the sites we already have, rather than adding new sites. We wanted to identify all the growth opportunities for the future and begin to implement them.

The improvement work has been going on alongside the day-to-day running of our global retail network. Our site managers and their teams have again done great work, day in day out, to deliver the good performance of our retail business in 2019.

Excelling in El Salvador

We made great progress in implementing our retail initiatives around the world. One particular highlight was in El Salvador. From smart category management to the design and implementation of new food service offerings, the team's great work resulted in a 5% increase in sales year-on-year.

Boosting convenience retailing

One of the key improvement areas is in convenience retailing. Great progress has been made here. We have identified our new Super 7 shop concept, worked a lot on category management and on how we are going to develop our offer in the future to excite our customers.

Our team in Guatemala did a fantastic job to have our first new Super 7 site ready in just four weeks. As we roll the concept out across our network, this super-efficient conversion time will pay real dividends in terms of helping us save time and money. The new Super 7s not only have a great fresh look, they also give our customers a better all-round experience, which should help drive up the value generated from each store.

Supporting dealers and site managers

We also developed Super 7 online, an in-house tool to drive category management and category execution in our shops. It is a great way for us to significantly improve our interaction with dealers and site managers, making their lives easier and ensuring they apply the same high standards and experience we want to show to our customers everywhere. Super 7 online was launched successfully in El Salvador in 2019 and we are rolling it out across our retail business in 2020.

Together with the introduction of Super 7 online, we also carried out comprehensive retail and dealer training. The aim is to increase skills and understanding, to help site managers and their teams really deliver a great customer experience in the best Puma Energy way. We have tested the training in two markets and it will be rolled out globally in 2020.

With dedicated training and smart support tools, we are putting into practice our commitment to be consistently great in delighting Puma Energy retail customers around the world. Great not only in the quality of the experience we provide but also the efficiency of the way we provide it.

Building a strong internal retail community

We have been working to build a strong internal retail community – one where we share and learn from each other and work together to drive the transformation faster and further. This was kickstarted at the National Association of Convenience Stores (NACS) conference in Atlanta in September 2019. Our retail colleagues from across the globe gathered together to share internal practices, learn from the best and develop improvement ideas which we are testing in different markets.

Celebrating our customers and striving for excellence

In November 2019, we held our first ever global Customers' Week. A week-long event that took place at every retail station around the world, Customers' Week was a big success. During the week, the stations were visited by general managers and local, regional and global top management representatives. It was a great opportunity to engage with retail station employees, thank them for all their hard work, focus on standards, encourage excellence of service and above all, celebrate the people at the heart of our business – our customers.

147
RESTAURANTS AND CAFES

144
COUNTRIES SERVED

2,900
RETAIL SITES AROUND THE WORLD

Achieving a super-efficient retail refurbishment in Guatemala

In Guatemala, our team led the way in rolling out our new Super 7 shop concept. With a great new look and a range of smart improvements to ensure a better all-round customer experience, the new Super 7s are designed to help us really maximise the value we generate from each store.

The team had our first new Super 7 site ready in record time – just four weeks. This super-efficient conversion will pay real dividends as we roll the concept out across our network – helping us save time and money, and in turn ensure we give our customers a better experience sooner.

Refer to page 2 for all the strategic priorities

We want to energise our customers' communities, and we also want to energise our own internal Puma Energy communities, too.

B2B

Highlights

Developing close relationships with key customers

Moving from selling products to providing solutions

Investing to keep improving

Drawing on our resources and expertise, our strategically located storage terminals and modern distribution fleets, we give our business customers the solutions they need to support their success.

Building ever stronger relationships with our business customers

Our business-to-business (B2B) 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.

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.

Earning trust is key

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 challenging industrial locations on earth.

Providing a great service 24/7

We currently have around 20,500 B2B customers. We enjoy strong relationships resulting in long-term contracts based on competitively priced quality fuel, excellent service and multiple supply sources, ensuring our customers never run dry. Our offering includes 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 together with providing them with a broad portfolio of fuels.

Investing to keep improving

We continue to invest in technology to improve the products and services we offer our business customers. With the roll-out of ePuma and customer relationship management (CRM) across our operations, we expect to reach even higher levels of customer engagement and operational excellence, while at the same time improving cost efficiency.

20,000+
NUMBER OF B2B CUSTOMERS WORLDWIDE

31
COUNTRIES SERVED

Lubricants

Highlights

Leveraging a strong global lubricants brand

Focusing on high-performance lubrication solutions

Delivering greater value for our customers

We see big value and opportunities in focusing on lubrication solutions that make a real difference for our customers.

Providing high performance solutions for our customers

To serve our customers better, we are building a strong global lubricants business organised into two key segments. Our distribution business focuses on meeting the needs of wholesalers. Our solutions business is dedicated to building the strongest possible relationships with our customers – from mining, marine, power generation, cement to sugar cane companies.

Offering a broad range of high quality products

Our lubricants portfolio consists of 195 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 increased productivity and profitability for businesses.

Demonstrating real customer commitment

We also offer our 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 challenges of a very wide range of customers in their daily operations.

Beyond supplying products, we help our customers achieve better performance from their equipment at a reduced operational cost. Our lubricants experts work alongside our customers to analyse their equipment and understand their specific use and applications. From there, we do an engineering study to investigate possible solutions and benefits to calculating the savings for the customers.

Tailoring high performance

We are increasing our focus on our solutions business and getting close to customers and really understanding the issues they have so we can provide genuinely helpful solutions – not only high-performance lubricants, but also high quality service and support tailored to each customer.

Giving our customers greater value

In 2019, we piloted this work in Zambia with great success, where we delivered real additional value to one of our mining customers. We are building on this success and looking to apply our customer-focused solutions model across our global lubricants business. We are, for example, working on 22 value-add initiatives across Africa and are also looking at other regions.

35
OEM APPROVALS

35
MARKETS SERVED

Providing high-performance lubricants for commercial customers

We are looking to maximise the potential of our lubricants business across Africa. With our mining customers for example, we have a great opportunity to offer high-performance lubricants, taking full advantage of our superior performance. We want to build ever closer and stronger relationships by meeting the individual needs of our customers and helping them run their operations more reliably, efficiently and productively. We started this work in 2019 in Zambia. We collaborated closely with a large copper mine in North-West Zambia, enabling our customer to quickly improve equipment reliability and reduce maintenance costs with the help of our high-performance Puma Vitrix HD lubricant. Following the success of the pilot, we are planning to expand the model across the continent.

Refer to page 2 for all the strategic priorities

Aviation

Highlights

Leading the way with global consistency, quality and customer focus

Delivering a strong performance

Helping the world's airlines and airports operate smoothly 24/7

We continue to raise 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.

Delivering quality consistently around the world

Our aviation business continues to go from strength to strength. In many ways, it is the model for the global consistency, quality and customer-focused solutions we are developing across all our different business lines as we dedicate ourselves to energising communities to help drive growth and prosperity around the world. In aviation for example, we have succeeded in doubling our EBITDA in the past five years.

The aviation business performed very well in 2019. We increased the volumes by 10% and maintained stable unit margins in line with our 2018 performance.

Serving the world's leading airlines and airports

Our aviation business understands the requirements of the world's leading airlines and airports. Our customers know they can rely on us 24/7 to meet their needs in terms of security of supply, high-quality fuel approved to international standards and fast turnaround times – all delivered for them by our experts and our infrastructure that is there for them on the ground.

With proactive account management and a dedicated 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.

84

AIRPORTS SERVED

Ensuring industry-leading standards

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.

Making things easier for our aviation customers with ePuma

We are very proud of the consistently high quality of service we deliver to our aviation customers around the world. Many things go into delivering this quality – from the physical infrastructure we invest in, to the strict standards we adhere to across our global operations.

We also make the best use of innovative new technology to ensure we not only deliver quality and reliability, but are also easy to do business with. In San Juan and Dar es Salaam for example, we use ePuma. Part of the ongoing digital transformation of our business, ePuma delivers a new customer portal, new scheduling and tablet technology, as well as terminal automation. It is a great way to give our aviation customers an even better service.

Refer to page 2 for all the strategic priorities

Bitumen

Highlights

Continuing to grow our bitumen business around the world

Expanding into new countries

Investing in high-performance products and services

During 2019, we handled enough bitumen to lay over 12,000km of six-lane highway – the distance from Geneva to Singapore via Hong Kong.

Delivering high quality – safely, efficiently and on time

We are proud to be a global market leader in bitumen. Around the world we supply our customers with the bitumen they need – safely, efficiently and on time. Our customers benefit from the integrated logistics services available at our terminals, and their seamless connections to our specialist bitumen vessels, trucks and logistics solutions.

We manufacture, store and supply high-quality paving grade bitumens and polymer-modified bitumens that are designed to exceed key quality parameters for performance and durability. We also manufacture bitumen emulsions used in road pavement and maintenance and supply high-quality roofing feedstocks for both steep-slope and low-slope roofing systems.

The products we manufacture and supply are rigorously tested at accredited laboratories by our global network of technical professionals. They offer support and advice on everything from bituminous binder selection, through to production, storage, testing, quality control, product application and road design options.

Growing the business

Our bitumen business continued to grow significantly in 2019. The vessel fleet size, number of strategic refinery sourcing partners, volumes sold into our markets and number of customers all increased.

New markets have been opened where we could see good potential for further growth, including India and China.

Puma Bitumen owns and operates the largest private bitumen terminal in Europe at Cadiz, Spain. In 2018, we completed the largest refined product and bitumen import terminal in Myanmar at Thilawa and opened two new terminals in Nigeria. Both countries have seen large new market growth in the last year via these assets.

In 2019, we assisted several countries, including 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.

521kt

BITUMEN STORAGE CAPACITY

We are also 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.

Developing our customer offering

We continually develop our offering for our bitumen customers. This includes investing in our Global Technology Centre in Melbourne, Australia, where we research and develop new bituminous road solutions, and opening accredited quality assurance laboratories in Cadiz, Spain and Malaysia.

We focus on building ever stronger relationships with our bitumen customers. To this end, we keep advancing – developing and delivering the high-quality, high-performance bitumen products and support services our customers need.

Making good use of old tyres

In Australia, we are giving end-of-life tyres a new lease of life in the form of crumbed rubber modified bitumen. These tyres used to be disposed of internationally as waste. However, when this practice stopped, the Australian Road Authorities, in collaboration with the leading industry participants, addressed the issue by adopting the use of crumbed rubber, made from processed end-of-life tyres, as an alternative modifier for bitumen. To meet the demand and gain a leading market position, we are investing $20m into crumbed rubber modified bitumen production facilities across the country. The new facilities will have the highest production capacity in Australia, with a superior production method unique to Puma Energy. We are looking forward to meeting our customers' needs with the highest-quality crumbed rubber modified bitumen available in the market, while also delivering the environmental benefits of making good use of old tyres.

Refer to page 2 for all the strategic priorities

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.

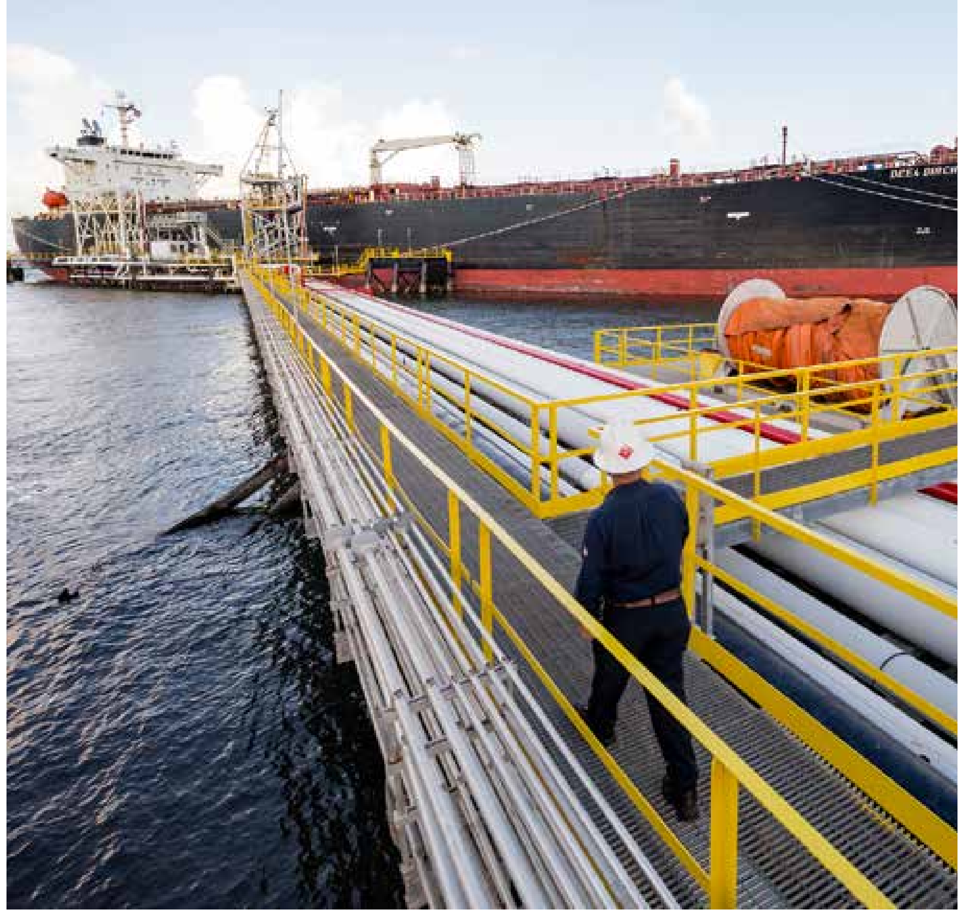
We provide a full range of fuel products to these wholesale customers and help them meet their specific local demands. We build strong relationships with wholesalers by delivering the right products to them, at the right time and price, backed up by our strong safety track record and reliability of supply. 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.

2,750
TRUCKS LOADED EVERY DAY

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.



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 Sonangol, Harbor Bunkering Corporation, Bachmus Oil & Fuel Supplies – 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.

LPG

196k m^3
LPG SOLD IN 2019

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 m^3, 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.

We continue to extend our reach into certain markets and look for new markets, such as in Papua New Guinea 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.

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 from all available sources in the market.

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.

Refining

Whilst refining is not a core part of our business model, we own and operate local refining assets where they are an integral part of our Downstream markets.

Two refineries currently in operation are in Nicaragua and Papua New Guinea. These refineries are critical to each countries' fuels logistics and needs. Further they provide important economic support and jobs to the local communities in each location.

2
REFINERIES OPERATIONAL

528k m³
STORAGE CAPACITY AT OUR REFINERY TERMINALS

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.

103
STORAGE TERMINALS

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 finalised our major investment phase in 2019, 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 103 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.

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.

Transportation 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 safe 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.

7th
GROUP-WIDE ROAD SAFETY CAMPAIGN

Americas

From streamlining our portfolio to expanding and improving our retail offer and exploring new solar energy ventures, we made great progress in the Americas in 2019.

Overview of operations

Revenue (US$m)

2019: 4,966

2018: 5,492

Gross profit (US$m)

2019: 485

2018: 489

Highlights

Selling our operations in Paraguay to fuel further growth

Expanding and improving our retail offer

Exploring a number of exciting renewable energy projects

Strengthening our systems (ePuma Retail POS/BOS/HOS)

Where we operate

- Belize
- Chile
- Colombia
- Cuba
- El Salvador
- Guatemala
- Honduras
- Nicaragua
- Panama
- Puerto Rico
- United States Virgin Islands

Increasing our focus on retail

In line with the global transformation strategy, we increased our focus on retail across the Americas. We have been finalising the retail strategy for each country. New retail strategy plans are in place for Guatemala and El Salvador. Plans for Honduras, Nicaragua, Panama and Puerto Rico will be finalised early in 2020.

As is the case across all our regions, our retail initiatives in the Americas include expanding and improving our convenience offering and taking a more rigorous, consistent approach to getting closer to our customers with broader and better products and services.

Redesigning Super 7 shops

As part of the improvement, we redesigned the visual identity for the Super 7 shops and also the operational layout. Following the successful implementation in Guatemala and Honduras in 2019, we will roll out the redesign across Central America and Puerto Rico in 2020, including 40 new sites with the Super 7 brand. To help ensure the most efficient rollout across the region, we have developed standardised retail construction guidelines. So, both the build and the operations of the new stores will be optimised. As more and more stores are updated, the rapid refurbishment will pay ever bigger dividends in terms of saving money and increasing revenues.

We want to be a better option for our customers. That is why we not only have a new visual identity, but also new systems to get and share information, do better category management and gain a greater understanding of what customers want from our stores.

Introducing a dedicated online system

Our Super 7 online system allows dealers and store managers to see all the promotions, guidance and other information they need to optimise the performance of their stores. From training to category management – everything is now centrally defined and communicated through Super 7 online. It enables consistency and ease of knowing what to do best in line with the Puma Energy aims and standards.

"In the past we were building presence – we were just growing by being in more places. Now we want to grow by being better in the right places.

Rodrigo Zavala,
Head of Americas

The dealers and store managers are also supported by the new team of convenience retailing specialists and merchandisers. Smart systems, enhanced logistics and dedicated experts are combined to help customer-focused commercial teams excel at different sites across the Americas.

Focusing on our business customers

Our focus on meeting the needs of our business customers across the Americas is being driven by our new Regional Commercial Lead for the region. We are spearheading more structured targeted value propositions for different business segments, from mining to power generation, agriculture and transport. This helps us give businesses exactly what they need and in turn, enables us to build ever closer, stronger relationships based on mutual interest and value creation. Moving from simply selling products to being a solutions provider.

1,142
RETAIL SITES

9
AIRPORTS SERVED

1.5m m³
STORAGE CAPACITY

Expanding aviation in Colombia

We expanded our aviation operations in Colombia, from only selling jet fuel in Bogota to serving five airports across the country.

Transforming our refinery in Nicaragua

In Nicaragua, we transformed our refinery so that it can produce low sulphur diesel, in line with the more stringent legal requirements on sulphur content that was introduced on 1 April 2019. This significant change in the way the refinery operates was carried out successfully, on time and with a very low investment.

Selling our business operations in Paraguay

In October 2019, we announced the sale of our business operations in Paraguay to Impala Terminals Group, a joint venture between Trafigura and the IFM Global Infrastructure Fund. The transaction closed by January 2020. It is part of our strategic focus on streamlining our portfolio, paying down debt and concentrating on high-potential markets where we can drive growth.

Exploring renewable energy

Our strategic focus on new business development revolves around the global energy transition to renewables. In the Americas, we are exploring a number of exciting ventures. These include putting solar panels on 100 service stations in Puerto Rico. Construction started towards the end of the year and rollout to the sites will take place as quickly as possible through 2021. We are also talking to a number of companies about different power generation projects, for example mini-grids with a solar and/or LPG component. And, at our headquarters in Puerto Rico, we plan to install and run a 1 MW solar project, connecting to the grid and supplying our neighbouring terminal. These are just some of the many new projects we are currently exploring as Puma Energy looks to the future of energising communities.

Looking ahead

As we build on our 2019 achievements we will look to emphasise and execute customer-centricity even more effectively. We want to increase our customer focus and drive down costs so that we become ever more efficient – delighting our customers, building long-term value and creating relationships with them throughout the Americas.

"The sale of our operations in Paraguay is a positive step forward in Puma Energy's commitment to optimising our global portfolio and deleveraging our balance sheet by the end of 2020. Puma Energy continues to work closely with all partners across the Americas and remains fully committed to operations in the region.

Emma FitzGerald,
Chief Executive

Capitalising on our dedicated Super 7 online system

In the Americas, we are making the most of our dedicated Super 7 online system. It allows dealers and store managers to see all the promotions, guidance and other information they need to optimise the performance of their stores.

From training to category management – everything is now centrally defined and communicated through Super 7 online. It is a great way to ensure consistency and make it easy for everyone involved to know how best to follow the Puma Energy aims and standards – and our customer-focused way of excelling.

Refer to page 2 for all the strategic priorities

Africa

We continued to grow key areas of our business, notably retail, across Africa while forging ahead with making changes as part of the broader Puma Energy transformation. Our objective is to deliver results and growth safely and compliantly.

Overview of operations

Revenue (US$m)

2019: 5,268

2018: 5,209

Gross profit (US$m)

2019: 453

2018: 458

Highlights

Strengthening dealer training and engagement

Enhancing safety and security

Building closer commercial customer relationships in Angola

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

Ensuring safety and compliance

Health and safety is a great focus for us as well as the security of our people, business and assets. At the same time, we expect our people to operate our business with ethics and compliance at the forefront of their decision making every single day.

Focusing on retail growth and excellence

In line with the Group strategy and Five Year Plan, we had a big focus on retail across Africa in 2019. Growing the convenience offer is a key goal. There is plenty of scope to build on the 497 sites which already have convenience stores as we focus on making the most of all 830 sites across the continent. We are also looking to increase other non-fuel offers such as car wash services and car repairs. There are many different opportunities and we are targeting the best ones.

We carried out a lot of work training and supporting our dealers, for example on health and safety and customer-centric best practice, so they can optimise their retail sites. We also enhanced our dealer recognition. We have a very popular Dealer of the Community initiative, whereby dealers develop local projects such as supporting education or helping to distribute food. We now formally recognise in each country a Dealer of the Community for the year, as well as celebrating an overall winner for the year.

Growing in Zimbabwe

In Zimbabwe, we faced significant market challenges, from political uncertainties to extreme currency fluctuations. Despite these strong headwinds, our team delivered an outstanding performance – growing their retail market share from 18% to over 25% and more than doubling their monthly average volumes in a two-year period. They have also grown their retail footprint, adding a further 16 sites. In this tough environment we have stood out and grown stronger. From making a loss in Zimbabwe two years ago, we are now the market leader.

Excelling in Ghana

Our Ghana team demonstrated excellent teamwork and the Puma can-do spirit in 2019. This was at the heart of a number of great achievements including exceeding the 2018 budget; successfully implementing a maiden Retail Conference and Awards; beating the target for a Fuel-for-Lubes promotion by 57%; introducing a profit-sharing customer loyalty initiative at some service stations; implementing a maiden safety and customer contact week; and winning Emerging Brand at the Ghana Oil and Gas Awards (GOGA). Safety was another standout feature in Ghana, with Puma Energy and its affiliates winning five awards at the 2019 Ghana Health, Environment, Safety & Security (HESS) Awards.

Turning challenges to our advantage in Angola

In Angola, we had to deal with significant supply disruption beyond our immediate control. The team turned this into an opportunity to identify and focus on helping our most important commercial customers in the country – the ones who really need us and we really value. This highly targeted customer-centric response

Enjoying strong performance in Ghana

Our Ghana team delivered a strong performance in 2019. There were a great number of achievements as the team worked closely and energetically together in our true ‘can-do’ spirit.

In retail for example, the team successfully implemented a maiden Retail Conference and Awards and introduced a profit-sharing customer loyalty initiative at some service stations. Performance was also strong in the lubricants business, with a Fuel-for-Lubes promotion beating its target by 57%.

Refer to page 2 for all the strategic priorities

Across Africa we focused on strengthening and growing our business in key areas including retail – both fuel and non-fuel, lubricants and aviation.

paid off. We not only increased market share by 1.5% during the period of supply shortage, we also had a higher margin performance and, importantly, built stronger relationships with key customers which will be remembered long after the supply problems are forgotten.

Providing high-performance lubricants for commercial customers

We are looking to maximise the potential of our lubricants business across Africa. With our mining customers for example, we have a great opportunity to offer high-performance lubricants, taking full advantage of our superior performance. We want to build ever closer and stronger relationships by meeting the individual needs of our customers and helping them run their operations more reliably, efficiently and productively.

To this end, we are working on customer engagement maps, where we step up the high level of engagement to help create strategic partnerships. We started this work in 2019 in Zambia and following the success of this pilot we are planning to expand the model across the continent – targeting key relationships in mining and other sectors where we can really make a bigger difference and create greater value for our customers and for our business.

Building on our strengths in aviation

We are building on our strong market positions in aviation, for example in Tanzania, Ghana and South Africa where we serve several airports. Our aim is to continue growing and excelling to lead in aviation across the continent. To this end we are enhancing our strategic partnerships with governments, international and local airlines.

830
RETAIL SITES

497
SHOPS AT RETAIL SITES

"From launching a loyalty initiative in Ghana to forging stronger links with key businesses in Zimbabwe – customer focus has been at the heart of our success across Africa.

Our aviation customers across Africa need secure, reliable supplies of high quality aviation fuel delivered safely and efficiently when and where they need it at an affordable price. We are proud to meet this need, drawing on our considerable experience, infrastructure and supply network.

Improving safety

Safety continued to be a key issue across Africa and we performed well. Our Lost Time Incident Frequency Rate (LTIFR) was well within our target. In particular, we are working with third party transporters on road safety – training drivers in safe behaviour behind the wheel. This is an important improvement opportunity.

Responding to Cyclone Idai in Mozambique

When Cyclone Idai hit Mozambique in March 2019, out team was ready and quick to act. Emergency response teams from different departments focused on ensuring business continuity at our 115,000 m³ terminal in Matola, which not only supports our aviation fuelling operations in Mozambique but also acts as a strategic hub supplying the surrounding countries of Southern Africa. At the same time, we actively supported the local community with food, clothing and transportation as well as participating in clean-up operations.

Developing closer relationships with key stakeholders

Many of our markets across Africa are highly regulated and we have been increasing the level and intensity of interaction with governments and other key stakeholders. One of the ways we are doing this is through more disciplined stakeholder engagement mapping, for both government and regulators and key customers. The aim is to increase the efficiency and effectiveness of our relationship building, so we can promote the Puma Energy brand, share our successes and let our stakeholders know what we're doing to energise communities – now and in the future.

Working on new ventures and initiatives for Africa

Our new ventures team is playing an exciting part in Africa's future. The focus here is on new green sources of energy such as solar, for example. Africa is the ideal place for such solutions. We are, for example, in the early stage of engaging with the Africa Development Bank, on potential renewables projects.

Enhancing security

Security is a priority in Africa. We place a great deal of emphasis on robust business continuity planning and ensuring our employees and customers are safe, not only in and around our sites but further afield in the communities we are part of. We are planning to invest in site by site improvements, such as CCTV and panic buttons, to ensure we reduce thefts and incidents at our sites. We are also launching campaigns around personal safety, travel safety and reduction of theft of company devices such as laptops and cellphones. In South Africa, we are trialling a project to provide security assessments for employees' homes as well as a security hotline for employees. We work with dealers on security, too. Giving them training and support and holding them accountable, for example, for locking up and not keeping cash on the premises overnight.

Looking ahead

In 2019, our key priorities across Africa included safety and security and delivering on the operational results we had promised to the Board. Looking to 2020, we will be putting even more focus on building our relationships with key stakeholders, on delivering the Five Year Plan and on selling the Puma Energy brand and vision. We are going to explore new markets and increase our investment to gain further market share across Africa. We will continue to keep changing for the better and a critical part of this is to keep investing in, developing and encouraging our people. So that our people are not only part of our vision but drive it forward across Africa, and around the world.

52
AIRPORTS SERVED

43
TERMINALS

20
COUNTRIES SERVED

Middle East and Asia-Pacific

We had a very strong year in our Middle East and Asia-Pacific (MEAP) region, with a performance ahead of budget and key achievements such as the successful turnaround of our refinery in Papua New Guinea (PNG).

Overview of operations

Revenue (US$m)

2019: 2,031

2018: 2,216

Gross profit (US$m)

2019: 243

2018: 246

Highlights

Outperforming the market in retail volumes and retail convenience performance in Australia despite tough margin conditions

Turning around our PNG refinery safely, on time and below budget

Successfully selling our business operations in Indonesia

Where we operate

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

Delivering strong results

We saw a big improvement in the performance of the MEAP team and in turn an uplift in results across the region. Our performance in Myanmar and Pakistan, for example, was particularly strong.

Continuing to grow in Myanmar

In Myanmar, our aviation business excelled, achieving record volumes. We have been strengthening our presence in Myanmar for a number of years now – building our operations and continuing to grow as the country expands economically.

Achieving big improvements in Pakistan

In Pakistan, we improved our performance significantly. We achieved a significant uplift in financial performance compared to past years, through better margin management. We also delivered a substantial improvement in safety performance. Reinforcing our strong global safety culture in Pakistan resulted in a 25% increase in incident reporting and an 800% increase in near-miss reporting in 2019.

52
AIRPORTS SERVED

1.7m m³
STORAGE CAPACITY

928
RETAIL SITES

Outperforming the market in Australia

In Australia, we faced considerable challenges in terms of downward pressure on retail margins. In this tough market, the team performed exceptionally – managing costs rigorously, achieving above-market volume growth, and significantly improving convenience non-fuel performance through better merchandising and attractive promotions such as a one dollar coffee offer rolled out to 100 sites.

In December 2019, we announced the sale of our Australian commercial and retail fuels business to Chevron Australia Downstream Pty Ltd, for a purchase price of $AUD425m. The transaction is expected to complete by mid-2020. Our bitumen business in Australia is not impacted by this transaction and we will continue to invest to enhance our service to bitumen customers.

Turning around our refinery in PNG

In PNG, we also had a very good performance, despite facing headwinds in terms of squeezed refinery margins, particularly in the second half of the year. In addition, we achieved a very successful planned turnaround of our Napa Napa refinery. We carried out the complex, critical work on time, below budget and with no lost time incidents (LTIs), ensuring the continuous supply of fuel in the country and reinforcing our position as the leader in the industry in PNG. Over 270 people dedicated more than 120,000 hours of their time to a truly collaborative and intense 30-day project.

Selling our operations in Indonesia

In 2019, we sold our business operations in Indonesia as part of our strategic aim to streamline our portfolio, pay down debt and ensure we are focused on those markets that will drive future growth.

> *We continued to focus on delivering the highest standards of round-the-clock service to our customers across Europe.*

Excelling and growing in Myanmar

We have been strengthening our presence in Myanmar for a number of years now – building our operations and continuing to grow as the country modernises and expands economically. And, in 2019, we had a particularly strong performance.

Our aviation business excelled, achieving record volumes. We started our aviation operations in Myanmar, as a joint venture with the Myanmar Petroleum Products Enterprise, serving around 22 international airlines, 10 domestic airlines, four charter service groups and six fuel agents in Myanmar. We now operate at 11 airports in Myanmar, including Yangon International Airport.

Refer to page 2 for all the strategic priorities

Europe

In Europe, we continued to deliver for our customers, growing our business and improving performance in key areas.

Overview of operations

Revenue (US$m)

2019: 2,333

2018: 2,423

Gross profit (US$m)

2019: 84

2018: 88

Highlights

- Increasing the volumes supplied into the UK
- Achieving full utilisation of all our assets

Where we operate

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

Growing our business

Our European operations performed well. Volumes were increased in our terminal positions across Europe. Fuel sales in the UK were up year-on-year with many new customers being brought on board. In addition, we achieved full utilisation of all our assets this year – a major improvement on the last two years.

Our Global Servicing Hub is located in Geneva, Switzerland. It is home to a range of corporate functions including HR and Finance.

2.8m m³
STORAGE CAPACITY

1
AIRPORT SERVED

Performing well in Europe

The performance of our bitumen business was a particular highlight. We are an important contributor to road building in the UK, and Puma Bitumen now supplies close to 50% of the country's bitumen import requirements.

Refer to page 2 for all the strategic priorities

Our people

Our purpose to energise communities puts our people firmly centre stage in serving our customers and driving sustainable growth and prosperity in those communities.

Overview of operations

Number of employees

2019: 9,302

2018: 8,278

Investment in training (US$m)

2019: 1

2018: 2.6

Diversity

Highlights

Defining new values to support our purpose

Harnessing the Puma Energy spirit to evolve our culture

Continuing to invest in our Commercial and Dealer Academy and in our first digital learning app

Providing more transparency to reward decisions

We are proud of our great people. They make our high energy culture and are central to the success of our customer-focused growth strategy.

Transforming with and through our people

As we pursue our strategic direction to become ever more customer-focused, rather than supply driven, our people and our culture, more than ever before, take centre stage.

We are driving a new culture to reinforce Puma Energy's transformation to a performance and customer-led, agile organisation where going the extra mile for the customer safely and with integrity, collaborating and delivering on stretch targets becomes the PUMAway.

It is built on our strong and distinctive, vibrant, entrepreneurial, fast-paced, 'can-do' Puma Energy spirit. To reinforce it, we have identified our new set of values.

We have four new values:

- Customer focus
- Lead by example
- Collaboration
- Agility.

We engaged widely across the organisation, involving a large percentage of our 9,000+ employees in the development of the values. They are being embedded across the organisation. For example, they are now at the heart of our annual Puma Energy Awards as well as a new welcome programme for recruits and a new compliance programme.

We are aligning our core people processes to the new purpose, values and strategy. So, for example, when attracting new talent to Puma Energy we will assess candidates for their fit with the values.

When we measure and focus to improve individual and collective performance we will also use the values to help us establish how we do things, not just what we do.

Leading from the top

The renewed and amplified focus on people is being championed by our CEO Emma FitzGerald, who has made the HR function, which has now been renamed as People & Culture, a function of the Executive Committee. We have appointed a new head of the function, Michael Schulz, with effect from 1 March 2020 to lead and develop the function with this renewed focus. Emma is driving regular company-wide engagement, and greater transparency and increased collaboration across the organisation. So, the tone is being set from the top. We are driving an inclusive culture where we are all in it together and encouraged to speak up, constructively challenge each other, contribute and most importantly, help all of our Puma Energy colleagues to understand which important role they play in serving our customers and energising communities.

Focusing on learning and development

We are committed to ensuring we have the right skills today and capabilities for the business going forward. To this end we focus a great deal on quality learning and development at all levels of the organisation, from senior leaders to retail dealer teams.

We aim to ensure our people learn and develop quickly, efficiently and enjoyably. We look for smart ways to make this happen, for example by making good use of technology to enable us to provide consistency, effectiveness and more targeted learning in line with delivering our business strategy across Puma Energy.

Developing our senior leadership

A critical element has been strong engagement and focus on developing a high performing Executive Committee. We ran detailed development assessments, working actively with the leadership on their own development plans, which in turn is informing the overall team development focus.

We have also worked on developments and assessments with 'the next 20' high impact people across the organisation. We are going to help them through specific, targeted leadership feedback, structured development plans and overall learning support so they can keep improving and advancing.

We aim to roll this out to more people through 2020 in order to accelerate our strategy delivery through our people in pivotal roles.

Investing in our first digital learning app

We have done a great deal of work to develop people's commercial skills this year. We have, for example, created and designed our first digital learning app to train our staff across our 2,900 filling stations. This not only covers our own employees but also dealer employees – around 12,700 people all in all.

The emphasis increasingly is on good shared behaviours rooted in our purpose, values and culture – our way of excelling at Puma Energy.

The app guides all the staff on the core things they need to know to operate well, for example safety issues, and also trains them on the next level of customer-focused retail excellence.

Promoting consistent excellence

Launched last year, our Commercial Academy continues to go from strength to strength, promoting consistent high standards across our business lines. It is a key component of our focus on developing centres of excellence in Puma Energy. Following successful pilots last year, we rolled the Commercial Academy out globally in 2019.

We have also designed a Dealer Academy to train our dealers. It guides dealers on how to lead their teams and also supports them more widely in running their business. This year we piloted the programme and are working on finalising it before rolling it out fully in 2020.

136,000+

INSTANCES OF TRAINING IN 2019

Helping our people to deliver great customer experiences

We focus a great deal of our training and development on helping our people improve their customer-focused commercial skills. We have, for example, created and designed our first digital learning app to train our staff across our 2,900 filling stations. This not only covers our own employees but also dealer employees – around 12,700 people all in all. The app guides all the staff on the core things they need to know to operate well, for example safety issues, and also trains them on the next level of customer-focused retail excellence.

Refer to page 2 for all the strategic priorities

Offering a wide range of learning and development

Commercial learning and development is just one focus area. We have a large and growing library of e-learnings, with over 200 strategically aligned online training programmes for all our employees and other available learning resources. We will ensure we further refine our learning approach to target those colleagues with significant impact on strategy execution, with the right learning at the right time.

Valuing and supporting all our people

We are proud to be a responsible, forward-thinking employer who values and supports all our great people. We are deeply committed to responsible and ethical values-based behaviour. This includes treating all our employees fairly and enabling them to develop and progress in an open, collaborative and inclusive culture where all are welcome and encouraged.

Increasing diversity and inclusion

We are proud of our diverse workforce, which reflects and draws from the many different local communities we work in around the world. Increasingly, employees from local countries are taking senior positions, as more and more great locally recruited talent moves up through the Company.

In 2020, we will be putting an increasing emphasis on an overall inclusive culture and management style and will focus on gender diversity in the next phase. We have set up a Steering Group sponsored by the Executive Committee which will define the overall strategy. At the same time, a number of initiatives are already underway, for example the development of a Puma Energy Women's Initiative Network. Called WIN@Pumaenergy, the network will play a key role in helping women throughout Puma Energy to accelerate the development of their capabilities and leadership qualities, so they can fulfil their potential. The network will also provide support, including mentoring opportunities so that women have the confidence to grow and take on more stretching assignments. In addition, WIN@Pumaenergy will be engaging with the wider community and local women's initiatives where we operate, in the spirit of energising communities and inspiring women everywhere.

30% of our total workforce and 25% of our senior leadership is female.

Looking ahead

In 2020, we will press on with a key project to develop our employee value proposition (EVP). Distilling our promise to employees, our new EVP will help us retain and engage our people, differentiate us from our competitors, and attract the right talent. We are currently working to understand the core elements of our existing offer to employees as well as looking outside the organisation at global best practices. The aim is to ensure we have an EVP that truly reflects who we are and where we are going as we pursue our exciting purpose of energising communities to help drive growth and prosperity. At the same time, we will put a strong focus on improving and providing a seamless and outstanding Employee Experience to all our existing colleagues to be able to match the EVP promise.

Talent and succession management as well as skills development will take centre stage in our business strategy and will be key in terms of retaining, motivating and developing the people we need to execute our strategy.

In order to measure overall colleague engagement, we are also planning our first global employee engagement survey in 2020. This will also allow us to measure our progress across a number of areas. The survey will provide the basis to manage and track improvement through a new KPI going forward.

We have four new values:

CUSTOMER FOCUS
LEAD BY EXAMPLE
COLLABORATION
AGILITY

Health and safety

Strong health and safety is the bedrock of our success as a dynamic responsible business committed to energising communities around the world.

Our trucks carry over 24,600 m³ of fuel over 340,000km daily across our countries worldwide.

Overview of operations

Lost Time Incident Frequency Rate (LTIFR)

2019: 0.7

2018: 1.6

Total Recordable Case Frequency Rate (TRCFR)

2019: 2.9

2018: 3.7

Employee fatalities

2019: none

2018: 1

Highlights

Embedding health and safety in day-to-day business

Delivering big improvements in health and safety performance

Continuing to focus on road safety, with more emphasis on truck safety

We continue to set and follow world-class health, safety and environmental standards – this is a fundamental part of being a responsible business committed to sustainable growth.

Antonio Mawad
Global Head of HSE and Operations

Setting high standards

Strong health and safety is the foundation. It continues to be absolutely fundamental to our successful, responsible operations and our sustainable, profitable growth. To this end, we set and live up to world-class health, safety and environment (HSE) standards throughout Puma Energy. Every employee is bound by our HSE policies and we expect our business partners, suppliers and contractors to implement them along the value chain.

Embedding safety in our culture

We make HSE a basic value of our day-to-day behaviour in Puma Energy, for our employees, for any contractor working with us and for everyone who visits and lives or works near our sites. Our commitment extends further into communities, for example, through our extensive road safety campaigns.

We keep working to improve our HSE performance. For a number of years, we have been consolidating our HSE processes and reporting culture. The emphasis has been on having people stepping up and reporting any HSE incident, to embed safety in people's day-to-day activities as a bedrock foundation of our work.

At the same time, we have worked harder to get more and more reliable information, to learn from that information and share that learning across the organisation. This creates a virtuous circle of learning, using, and learning again, to keep on improving.

Delivering big improvements

This year, we introduced detailed KPIs not just for all our regions, but now also on a country-by-country basis. We track standard industry KPIs, such as the Lost Time Incident Frequency Rate (LTIFR), the Total Recordable Case Frequency Rate (TRCFR) and fatalities, and put the responsibility and the opportunity to improve in the hands of the teams across the countries. We have started to add greater granularity to our tracking, so we can gain deeper insights into risks and issues and also target more effectively incidents and actions that are under our control.

Our LTIFR goal this year was 1.4 – we achieved 0.7, compared to 1.6 in 2018. A more-than 50% improvement in performance.

Our TRCFR goal was 3.3 – we achieved 2.9, compared to 3.7 in 2018.

These big improvements are the result of our multi-year focus on HSE and the engagement of our people at all levels of the organisation.

Focusing on retail

In the past year we started developing and implementing a specific safety management system for retail. This builds on our established system which was geared more to our terminal and refinery infrastructure. The updated system was finalised this year. We are providing ongoing training to all our sites, including dealers, and are rolling the system out across our network.

We are putting in place the same HSE foundation across our whole retail network, including dealer-owned and operated sites. The aim is to have auditable, measurable consistency, where we can clearly see and manage our HSE performance across our network and put in place action plans to improve quickly and effectively.

Ensuring consistency across our business

We are also applying this approach for our B2B business and other segments focused on business customers. Consistency is key – we want the same high HSE standards and approach throughout Puma Energy and the same intense day-to-day focus on high HSE performance.

Having a day-to-day culture of reporting incidents, near misses and non-compliance is fundamental. It helps prevent major incidents, and provides quicker, richer information to guide improvements. We reinforce this culture through processes and practices such as our Five Golden Rules and monthly HSE reporting on even the smallest incidents across our countries.

Continuing to tackle road safety

Road safety continues to be a major focus. For a number of years, we have run the Be Puma Safe campaign designed to raise awareness about road safety and help influence and change behaviours. This campaign takes the message out beyond our operations to the communities we live and work in, for example by carrying out road safety awareness raising in local schools.

This year we set a stretching road safety target of 0.81 accidents per million kilometres driven and achieved 0.84, compared to 0.88 in 2018.

We have focused on improving the reporting culture, increasing the level of detail, knowing more and more country by country where things are happening and having country targets. So, we can see, for example, that we are improving in terms of truck accidents. Indeed, we launched a major truck safety campaign this year targeting the drivers: Be Truck Safe.

Including targeted workshops and online training, Be Truck Safe builds on the eight golden rules of our Be Puma Safe campaign – focusing the rules specifically on truck drivers.

We plan next year to get even more detailed information – splitting the road traffic incidents KPI into light vehicles and heavy vehicles.

Assessing security risks across our retail sites

We have begun to carry out a full security risk assessment of our retail network regardless of the type of ownership and operation. This will give us a clear and detailed picture of risks across our network so we can target actions to improve security at specific sites.

Supporting well-being for all our people

We take the well-being of our people very seriously. In 2019, we developed and launched a Company-wide campaign to raise awareness and provide help and support on a number of issues, including malaria, drug and alcohol abuse, lower back pain, hazards, hydration and heat illness and workplace ergonomics. The campaign will continue to roll out through 2020.

Looking ahead

Looking ahead, we will continue to embed our strong, consistent HSE commitment, standards, practices and culture across Puma Energy. We intend to keep on making big improvements, and to encourage even more openness and reporting so we make this happen.

Continuing to focus on tackling road safety

For a number of years, we have run the Be Puma Safe campaign as part of our ongoing major focus on road safety. It is designed to raise awareness about road safety and help influence and change behaviours, not just in our operations, but also in the communities we live and work in.

This year, we set a stretching road safety target and focused on improving the reporting culture and increasing the level of detail country by country. We also launched a major truck safety campaign focused on drivers: Be Truck Safe. With targeted workshops and online training, Be Truck Safe builds on the eight golden rules of our Be Puma Safe campaign.

Refer to page 2 for all the strategic priorities

Across Puma Energy, we put HSE at the top of our day-to-day business agenda in line with our commitment to ensure consistency and keep driving up improvements.

Environment

We want to minimise our environmental impact and are always looking for new ways to improve.

Overview of operations

Carbon emissions
2019:
Scope 1 – 63,143 $MTCO_2e$
Scope 2 – 87,849 $MTCO_2e$
GHG intensity 3.7 kg/m³

2018:
Scope 1 – 65,161 $MTCO_2e$
Scope 2 – 75,189 $MTCO_2e$
GHG intensity 3.5 kg/m³

Spills above 160 litres
2019: 15% reduction compared to 2018

Highlights

- Implementing various energy efficiency initiatives
- Focusing on reducing carbon emissions
- Reducing spills

Operating in some of the world's most remote and environmentally sensitive regions, we understand how important it is for us to play an active part in looking after the environment.

From energy efficiency to energy transition

Our commitment to the environment starts with the development of a comprehensive Environmental, Social and Governance (ESG) framework, which we will embed across all our operations during 2020. It is the natural evolution of our ongoing drive to be as energy efficient as possible, to reduce our carbon emissions, to use natural resources such as water responsibly and to manage our waste well. We also support the growing momentum behind the energy transition. Through our new ventures business activities in particular, we are exploring exciting ways to help communities make more and better use of renewable energy.

Minimising our use of energy

We have a number of initiatives around the world to minimise energy use, thereby not only reducing our environmental impact but also reducing costs. These include installing LED lights at sites and reducing after-hours work, for example.

We have also looked to connect to the public grid rather than use our own generators at some of our African sites.

In addition, for any new project we installed controllers on the motors so we only use the power we need to operate – increasing energy efficiency, bringing costs down and reducing emissions.

Focusing on reducing our carbon emissions

To reduce our carbon footprint, we deploy a number of strategies such as locating storage tanks close to where fuel is needed. 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.

In 2019, our carbon emissions rose slightly as the business continued to grow. Next year, we will be introducing quarterly reporting on gas emissions, country-by-country. This information will enable us to look for better ways to reduce our gas emissions.

During 2020, we will also implement new environmental improvement activities and update our environmental policies using ISO 14001 that will become KPIs from 2021 onwards. This is part of our commitment to be more disciplined and proactive in reducing gas emissions.

Reducing spills

In line with the international standard, we target spills above 160 litres. In 2019, we succeeded in reducing the number of spills by 15%. We plan to dive deeper into this metric in 2020, separately identifying the spills related to road traffic and site spills. With a clear measure of site spills we can look to tackle any operational issues associated with the spills, preventing any major incidents and improving our operational performance.

Managing water and waste responsibly

We seek to manage water and waste responsibly throughout Puma Energy. We do not report figures on these issues as they are not material in terms of our business operations.

Minimising our use of energy

We have a number of initiatives around the world to minimise energy use, enabling us to not only reduce our environmental impact, but also reduce costs. These include installing LED lights at sites and reducing after-hours work, for example.

We have also looked to connect to the public grid rather than use our own generators at some of our African sites.

In addition, for any new project we install controllers on motors so we only use the power we need to operate – increasing energy efficiency, bringing costs down and reducing emissions.

Refer to page 2 for all the strategic priorities

Our communities

We are committed to having a lasting positive impact on the communities in which we live and work around the world.

Overview of operations

We make a variety of social investments in communities around the world. The emphasis is on investing for the long term to deliver sustainable positive impact. Our global Corporate Social Investment Policy helps us prioritise and optimise our contribution in a consistent way that is aligned to our core purpose of energising communities.

Highlights

Focusing our investment for long-term positive change

Targeting directly and indirectly impacted communities that are most in need

Working together on initiatives aligned to our five focus pillars:

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

We work closely with communities to address the most material issues they face and make a positive lasting difference together.

Prioritising our investments

To help us prioritise the long-term investments we make in local communities around the world, we have created a unified community investment vision. It enables us to coordinate spend and identify projects with the greatest reach and deepest impact.

Our global Corporate Social Investment Policy guides how we contribute to society and community, beyond our regular business. It is based on five pillars:

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

In 2019, we continued to invest in communities around the world in line with our global policy and pillars, with a particular focus on road safety awareness.

Targeting road safety

We continued to prioritise road safety, engaging with communities around the world through our established and popular Be Puma Safe campaign. One of the key strands to this initiative is our work with schools, where we go in and raise the road safety awareness of students.

Working with the local community to manage waste

In Angola, we have a longstanding project to help the neighbouring Fishing Port Terminal community in Luanda manage their waste as safely and effectively as possible. Over the years we have made ongoing investments and are now working with waste collection companies to tackle the issue. We focus on both education and waste collection to help the approximately 15,000 people in the local community reach a sustainable waste management solution.

We also help and invest in the community in other ways, for example, through supporting sports fields and medical initiatives such as vaccinations; malaria and HIV testing; paediatrics; prenatal; stomatology and general check-ups; distribution of mosquito nets for children, pregnant women and old people; and distribution of condoms and Bactivec®, a product designed to combat mosquitos and larvae. It is all part of our long-term commitment to energising the community.

Focusing on communities that are most in need

In addition, we are collaborating with local dealers and social institutions in Angola to initiate a series of activities to help local communities that lack food, medical services and other essentials.

The team undertook a number of fundraising projects to help the communities most in need of support – donating funds to homes for handicapped children; cancer, maternal, orphaned and abandoned childcare centres; and municipal hospitals.

Helping the blind and visually impaired

Over 253 million people in the world are blind or visually impaired, but many of these people need not suffer as they are. In fact, 75% of these cases can be cured, treated or prevented. NEPAS, the National Energy Puma Aviation Services, are helping by donating over 10,000 litres of high-quality aviation fuel to the ORBIS Flying Eye Hospital charity. ORBIS travels the world providing hands-on ophthalmology training, delivering the skills and resources needed to carry out accessible quality eye care.

We operate in diverse communities around the world, often in extreme or challenging locations. We invest strategically in these communities to make a real long-term difference.

ORBIS has a long-term partnership with Myanmar and we collaborated with the charity's visit to Mandalay. During the trip, the team carried out 88 surgeries and trained 38 hands-on doctors, 54 nurses, 24 biomedical engineers, plus other medical professionals who would attend their classroom lectures.

Repairing an orphanage

NEPAS also focused funds and time on helping to make the Ywar Oo Monasterial School, an orphanage in the Mawbi Township in Myanmar, a safer, brighter place for orphans to stay and learn. Investments were made in structural repairs and minor renovations, including the replacement of damaged and leaking roofs and better lighting in the classrooms to be controlled by new safe electrical switches and secure power outlets.

Investing for maximum impact

From our work with ORBIS to our renovation of Ywar Oo Monasterial School, we focused our investment in Myanmar for maximum effect on three of our global pillars: road safety, environment and conservation, and education. The overall objective of the road safety awareness campaign was to reduce road traffic accidents and improve the awareness of the most-at-risk groups on how to protect themselves. Turning to environment and conservation, there was an initiative to make the Heho airport greener and cleaner. Our education initiatives included providing eight scholarships to talented individuals to build their technical skills.

Working together to energise education

In Malawi, we joined forces with Ninkawa Transport to help Hope for the Blind. This non-governmental organisation focuses on ensuring that physically challenged and financially disadvantaged children in Malawi have access to education. To this end, the organisation pays the school fees of 222 students, raising money through sponsorships and support from local businesses. The collaboration has been going strong for the past seven years and to date the companies have supported 73 local students.

Providing medical support in Papua New Guinea (PNG)

Every year we help to provide medical support to communities in PNG via a dedicated ship which travels around the coast of the country. Doctors aboard the ship give medical assistance ranging from major surgery to treatment of cataracts. We also carry out educational projects in PNG, for example, showing university students a day in the life of Puma Energy at our terminals.

In Angola, we have a longstanding project to help the neighbouring Fishing Port Terminal community manage their waste as safely and effectively as possible. Over the years we have made ongoing investments and are now working with waste collection companies to tackle the issue. We focus on both education and waste collection to help the approximately 15,000 people in the local community reach a sustainable waste management solution.

We also help and invest in the community in other ways, for example, through supporting sports fields and playgrounds, and medical initiatives such as vaccinations and HIV testing. It is all part of our long-term commitment to energising the community.

Refer to page 2 for all the strategic priorities

Helping the local community to manage waste

Financial review

In 2019 we focused on three priorities. First, stabilise the financial performance of the business and therefore deliver the budget safely. Second, take some decisive action to deleverage the balance sheet. And third, show the potential of Puma Energy's ambitious growth strategy. On all three fronts we made significant progress.

Delivering a robust financial performance

2019 has been a year of strategic review and refocus on our customer lead strategy for the Company. While embarking on a journey of transformation we have also managed to stabilise our financial performance and deliver on our commitments. We have continued to increase our sales volume in 2019 to 22.4m m^3 but our gross profit has been impacted by a decrease in unit margins driven mainly by the currency devaluation in Angola. Our unit margins in Australia have also remained under pressure in a very competitive market environment. Our operations in Puerto Rico have faced a challenging year experiencing a reduction in sales volumes as compared to the previous year. Our efforts in supplying fuel to the island in the aftermath of Hurricane Maria have resulted in higher shipments and gross profit in the first half of 2018 not replicated in 2019.

Implementing improvements

We have focused on driving the business forward despite these headwinds. In particular, our first wave of operational improvements identified as part of our transformation plan have been implemented in 2019 – delivering US$24m of benefit this year, which has helped us stabilise our financial performance. These 'quick win' improvements provide a good foundation for us to continue and accelerate the implementation of our strategy as we go forward. They demonstrate we can do it, at pace, and we will build on this.

Reducing costs

Cost reduction was another key area of focus. Through strong cost management and discipline, we succeeded in reducing our costs by 6% this year on a like-for-like base. There is more to be achieved and we continue to concentrate on driving down costs and increasing efficiency across Puma Energy.

Ensuring capital discipline

Capital discipline was also a key feature of the year. We introduced more robust capital allocation methodologies – making sure we focused the allocation of scarce capital on the delivery of our strategy. At US$146m, capital expenditure was materially lower than in previous years. This was a necessary step for 2019. Looking ahead, we will continue to focus our capital investment to support our highly targeted growth ambitions. This disciplined approach to capital allocation was closely allied to our rigorous portfolio management. As in other core areas of our business, we are looking to simplify and sharpen our activities so they really align with and drive forward the implementation of our growth strategy and the pursuit of our core purpose of energising communities in high potential countries.

Streamlining our portfolio and deleveraging the balance sheet

During the year, we streamlined our portfolio by selling our business operations in Indonesia and Paraguay. These transactions, together with the disposal of other non-core assets, generated a net cash inflow amounting to US$176m and enabled us to pay down debt in line with our objective to deleverage the balance sheet. We will continue to actively manage our portfolio – identifying and taking opportunities to focus on those markets that will drive high growth. In December we announced the sale of our Australian fuel distribution operations. The transaction is expected to conclude before the end of the second quarter of 2020. As a consequence, the results associated to our Australian operations have been presented under discontinued operations and the associated assets appear on our balance sheet as assets held for sale.

22,441k m^3
SALES VOLUME

US$530m
EBITDA

US$146m
ORGANIC CAPEX

US$176m
PROCEEDS FROM SALE OF ASSETS AND INVESTMENTS

Adopting IFRS 16 Leases

It is worth noting here that the adoption of IFRS 16 on the accounting treatment of leases has had a significant impact on our financials. These impacts are detailed under the Note 7 to our financial statements.

Impairments

Related to the announced disposal of our Australian fuel distribution operations, we have posted a significant impairment in order to align the carrying value in our books to the value determined within the sales agreement. As part of our yearly impairment testing process a further US$245m of impairment has been applied to the carrying value of our assets in various other countries. The cash flows underlying these impairments reflect the sharper focus we have on our portfolio as we deliver our customer-led strategy.

Cash flows

Cash flow from operations amounted to US$794m, indicating a healthy EBITDA to cash conversion and strict working capital management. Cash flow from investing activities was US$32m as the proceeds from divestments have offset the capex for the year. The financing cash flow of US$738m reflects our successful efforts to repay debt in order to de-leverage our balance sheet.

Debt and leverage

In 2019 we successfully refinanced our one year RCF for US$350m with a c.20% oversubscription and we amended two of our financial covenants for all our syndicated facilities. Compared to the end of 2018, our gross debt has decreased by US$334m, driven in part by the receipt of 75% of the sale of proceeds of Paraguay. This decrease coupled with an increase in year-end inventory levels on higher crude price has contributed to our remarkable net debt reduction, resulting in a leverage ratio of 2.5 times as reported within our financial covenants.

US$657m
IMPAIRMENT

US$794m
CASH FLOWS FROM OPERATIONS

2.5
LEVERAGE RATIO (NET DEBT/EBITDA)

Risk management

Managing our risks

We take a rigorous and robust approach to managing our risks, including ensuring that we not only have strong structures and processes in place, but also a clear and up-to-date view of our current risk landscape. We see this as a core part of being a dynamic and responsible high-growth business.

Applying our risk management principles
We have a clear and established set of risk management principles which we apply throughout the business:

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.

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.

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.

Ensuring strong risk governance

Our risk governance structure is designed to ensure we provide clear business ownership and oversight, helping us make the right decisions at the right time. Regional and country Risk Champions support leaders in embedding the risk management programme. They also provide risk advice, as well as coordinating, facilitating and periodically reviewing the risk management process.

Our Risk Management Framework enables us to deploy our mitigation strategy, helping us deliver financial targets, enhance our reputation, safeguard our employees and assets, and protect future financial security.

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.

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.

Evolving our Risk Management Framework
We continue to enhance our approach to risk management in the interests of the Group and all our stakeholders.

In 2019, we focused on evolving our Risk Management Framework – moving towards the classic structure of 'Three Lines of Defence' endorsed by the Institute of Internal Auditors (IIA). The first line of defence involves operational management directly assessing, controlling and mitigating risks. The second line of defence is provided by compliance and enterprise risk management expertise and internal controls specialists with internal audit forming the third line of defence.

The aim is to apply best practice to ensure we have the most robust and effective framework for managing our risks, as we grow and transform the business.

Governance and the 'Three Lines of Defence'

Risk Management is a proactive process that is an integrated part of the Internal Control Environment Framework – 'Three Lines of Defence':

GOVERNANCE OVERSIGHT

External Audit	Senior Management	Risk, Ethics and Assurance Committee	Audit Committee

First Line	Second Line	Third Line
Local Internal Controls	Compliance	Field Internal Audit
Management Certification	Group DOA	Continuous Internal Audit
Continuous Internal Audit	Enterprise Risk Management	
	Company Internal Control Policies	
First Line of Defence rests on controls provided by local line staff and operational management.	**Second Line of Defence** corresponds to controls provided by Group Management, Risk Management, Group Policies and Procedures, and any other oversight functions and tools.	**Third Line of Defence** is provided by the internal audit functions.

Staying on top of a fast-changing risk landscape

Dynamic high-potential countries

We operate in dynamic high-potential countries around the world, where we provide a wide range of products and services to meet the needs of our many different customers – from consumers at our convenience stores to mining companies and airlines. In our fast-changing world of energising communities, it is vital we understand our diverse political, economic, social and environmental risks, and manage and mitigate them as effectively as possible.

Our Risk Management Framework is defined within 29 risk categories grouped under eight risk areas, listed below:

1. Counterparty risks
2. Economic and financial risks
3. Human resources risks
4. Information technology risks
5. Operational risks
6. Political, country and reputational risks
7. Pricing risks
8. Strategic risks

Identifying our key risks

To ensure we stay up-to-date with our particular risk landscape, we carried out the yearly comprehensive enterprise risk review in 2019. This included running a series of interviews and workshops with stakeholders at country level in order to gain grassroots feedback and understanding around country-by-country risks.

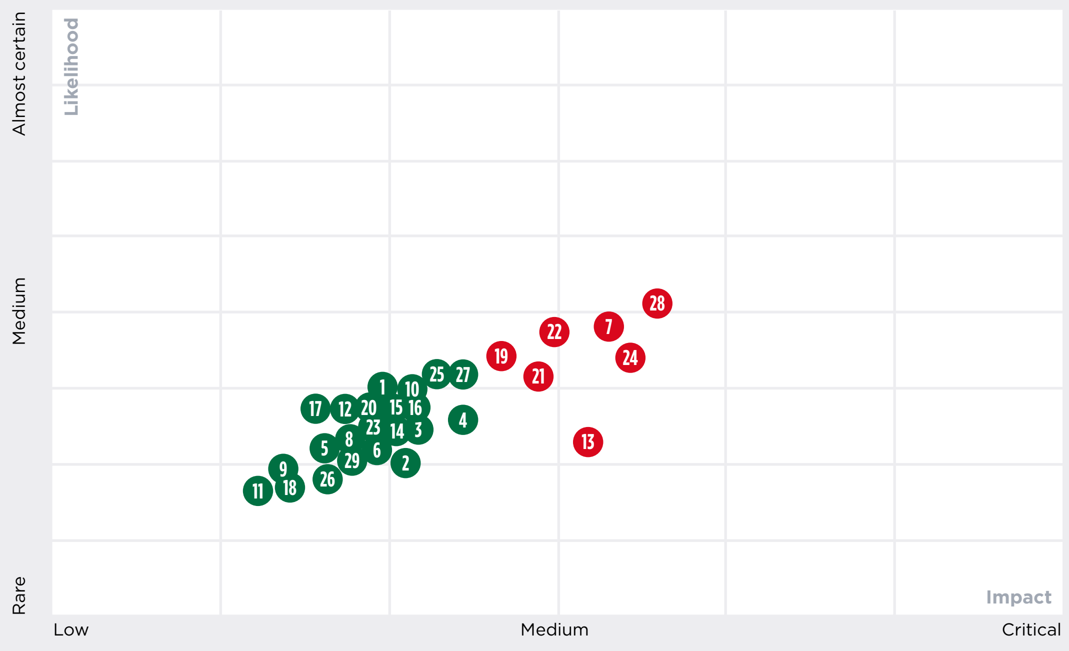
The outcomes of the review enabled us to identify and prioritise our top seven enterprise risks, so we can focus on mitigating them effectively.

Local management reduces risk directly wherever possible, for example through improved fire prevention and better personal protective equipment. For risks that cannot be fully prevented, they have mitigation plans in place: for example, currency hedging, property insurance, bank guaranties and disaster recovery planning.

The maturity of our risk management enables us to report on the basis of Net Risk, i.e. risk ratings now take into consideration the risk mitigation initiatives adopted in response to risks as they were initially identified and defined. The Group Risk Chart below therefore reflects net risks for each category.

There are some key themes underlying our risk landscape:

Puma Energy Group Risk Chart



Counterparty risks
1 Customer credit management
2 Non-oil procurement
3 Ethics and compliance
4 Customer service, sales administration and logistics

Economic/Financial risks
5 Insurance coverage
6 Liquidity and funding requirements
7 Supply of oil and fuels
8 Inventory levels management
9 Financial reliability and reporting

Human Resources risks
10 Employees and talent management

Information Technology risks
11 Information Technology – Business as usual (BAU) software, hardware and data
12 Information Technology – New systems projects

Operational risks
13 Environment protection and remedies
14 Natural conditions and disasters
15 Health and safety
16 Physical storage and handling
17 Physical security

Political/Reputational risks
18 Communities
19 Geopolitical and authorities
20 Standards and regulation
21 Legal
22 Taxation

Pricing risks
23 Commodity prices
24 Currency exposure
25 Sales pricing

Strategic risks
26 Joint ventures, mergers and acquisition/Integration
27 Construction projects management
28 Loss of major customers
29 Brand and communication

1. Economic and financial risks:

Supply of oil and fuels is of critical importance to our commercial entities. Indeed, failure to have sufficient stock on hand puts pressure on their customer relationships. In line with our Company vision which places customers at the heart of everything we do, we make sure we have the right supply of product – the right quantity, price, time and place to meet our customers' needs. We ensure the risk is well managed by: having adequate supply infrastructure and storage capacity in place to meet changing global needs; a diversified range of suppliers to avoid supply chain failures; and sourcing from our refineries in Papua New Guinea (PNG) and Nicaragua to meet demand in these markets.

2. Operational risks:

Environment protection and remedies risks

We strive to operate in line with international best practice, including where this 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 invest in modern equipment, and have well-defined IT security, business continuity and disaster recovery plans in place. We also use common ERP (Enterprise Resource Planning) and terminal management applications. We use a bespoke safety management system, SAPS (Systems, Application and Products), at all our terminals to monitor the frequency and severity of accidents and lost-time incidents. This helps us assess safety levels and identify potential risk factors. We are an active member of Oil Spill Response Ltd, an organisation that shares effective responses to oil spills worldwide.

Every country operation either has, or is in the process of obtaining, ISO accreditation: 60% of our terminals hold ISO 9001 certification and 63% hold ISO 14001 certification. In 2019, 90% of our operations were API-compliant. Furthermore, they continuously promote Puma Energy's Safety Management System to improve industrial safety.

On top of these country-specific risks, we face one key global issue of our times: climate change. There is mounting evidence and urgency surrounding climate change. This presents major challenges, but there are also accompanying opportunities to contribute to the increasing use of renewable energy around the world. To this end, we are putting energy transition at the heart of our focus on new ventures for Puma Energy.

3. Political, country and reputational risks:

Geopolitical, legal and tax risks

The markets we focus on tend to be highly regulated and can feature political instability as well as geopolitical risks such as possible international sanctions. We actively monitor financial, regulatory and political developments, both at an international level and through our local businesses, and put in place measures to mitigate these risks.

Our local employees are well placed to react promptly to local challenges and opportunities. In some jurisdictions, we operate through subsidiaries and joint ventures that are partially owned by state-backed organisations – both a constraint in terms of operating autonomy and an opportunity in terms of political risk management. We engage in dialogue with relevant expert third parties and local authorities continually, to promote high standards across our operations and ensure readiness to conform with the legal norms and tax requirements globally.

Puma Energy has political risk insurance for Confiscation, Expropriation, Nationalisation and Deprivation (CEND). In addition, we are well diversified in terms of geographies, lines of business and customers and have a unique expertise in sourcing and supplying a wide range of products, all of which mitigate our political risks.

Since our foundation in 1997, we have built a successful track record of managing regulatory, public infrastructure and communities risks where we operate, and have consequently not suffered from any material losses due to these risks.

4. Pricing risks:

Currencies exposure risk

The great growth potential of the countries we operate in is also often accompanied by relatively high economic and political volatility and uncertainty. These dynamics frequently translate into currency volatility: ongoing currency risk is being faced in Zimbabwe, PNG and Angola, three countries where Puma Energy is operating with a significant asset base. We manage and limit this risk by (i) limiting the credit provided to clients, (ii) raising short-term debt in local currency and (iii), where necessary, entering into currency hedges. Currency translation risk, being fully accounting driven and non-cash, is not hedged, other than through local currency borrowings in certain countries.

5. Strategic risks:

Loss of major customers risks

We have a proven track record of successful acquisitions and completion of major construction projects. Through accurate and proper management of the integration process and continuous monitoring of costs we effectively limit potential financial losses. Lately, strategic decisions also led us to divest certain non-performing businesses. Additionally, we mitigate commercial risks that may arise from the loss of key customers, through a large and diversified customer base and long-term relationships with customers.

/ RISK MANAGEMENT PERFORMANCE REVIEW /

Counterparty risks

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.

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

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.

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.

Potential impact
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.

Mitigating factors
- 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.

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 have financial and reputational impacts.

Potential impact
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.

Mitigating factors
- 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.

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.

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

Mitigating factors
- 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 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 and financial risks

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).

Potential impact
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.

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.

Liquidity and funding requirements

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

Potential impact
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).

Mitigating factors
- 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.

Supply of oil and fuels

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

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

Improper management of a subsidiary's pricing exposure.

Mitigating factors
- 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 PNG and Nicaragua that provide crucial sources of fuel to service our needs and those of local customers in these markets.

Economic and financial risks
continued

Inventory levels management

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

Potential impact
Lost business owing to shortages, excess and obsolete inventories.

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

Mitigating factors
- 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.

Financial reliability and reporting

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

Potential impact
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.

Mitigating factors
- 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

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.

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.

Information technology risks

Business-as-usual (BAU) 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.

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.

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.

Potential impact
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.

Mitigating factors
- 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

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.)

Potential impact
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.

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.

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.)

Potential impact
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.

Mitigating factors
- 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.

Operational risks

continued

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.

Potential impact
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.

Mitigating factors

- 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 high safety awareness 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).

Physical oil storage and handling

Inability to establish and maintain adequate storage and throughput facilities.

Potential impact
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.

Mitigating factors

- Puma Energy always looks for solutions to avoid bottlenecks – for instance, by identifying multiple logistics routes and supply schemes to any major location.
- 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).

Physical security

Insufficient prevention and solutions to malicious actions that affect the integrity of people and assets in Company custody or within our perimeter.

Potential impact
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.

Mitigating factors

- 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 and reputational risks

Communities

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

Potential impact
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.

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.

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.

Potential impact
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.

Mitigating factors

- 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 geographical 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).

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.

Potential impact
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.

Mitigating factors

- 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 our global 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.

Pricing risks

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.

Potential impact
Crude oil price volatility immediately affects the costs of refined petroleum products. Flat price and foreign exchange risks are unhedged.

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.

/ **RISK MANAGEMENT** PERFORMANCE REVIEW /

Pricing risks

continued

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.)

Potential impact
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.

Mitigating factors

- 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.

Sales and 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.

Potential impact
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.

Mitigating factors

- 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

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.

Potential impact
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.

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.

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).

Potential impact
Loss of business opportunities and potential income due to delays and additional construction costs if projects are not effectively managed.

Mitigating factors

- 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.

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.

Potential impact
Missed targets in terms of sales and margins lead to direct financial losses.

Mitigating factors

- 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.

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.

Potential impact
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.

Mitigating factors

- 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.

3 Governance

"Energising communities focuses us all on making a real difference for our customers. Giving our retail customers, for example, a great place to shop and a great place to meet.

Our Board of Directors

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

01

Emma FitzGerald (ii)

Chief Executive Officer

1 year at Puma Energy.

Emma joined Puma Energy in January 2019. Previously, she spent many years running Downstream Retail, Lubricants and 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 and 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. At the time of going to press at the end of March, Emma was appointed to the board of UPM-Kymmene Corporation. Emma holds a doctorate in Surface Chemistry from Oxford University and an MBA from Manchester Business School.

02

José Larocca

Head of oil trading, Trafigura

12 years at Puma Energy.

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.

03

Pierre Lorinet (iii), (v)

Director, Trafigura

15 years at Puma Energy.

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.

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

04

Baltazar Agostinho Gonçalves Miguel (i), (iii)

Executive Board Member Sonangol EP

2 years at Puma Energy.

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.

05

Filomena Maria Gamboa Carvalho dos Santos e Oliveira (v)

Executive Board Member Sonangol Hidrocarbonetos Internacional

2 years at Puma Energy.

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.

06

Graham Sharp (i), (iii)

Non-Executive Chairman, Puma Energy

7 years at Puma Energy.

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.

07

Michael Wainwright (iii), (v)

Director, Trafigura

12 years at Puma Energy.

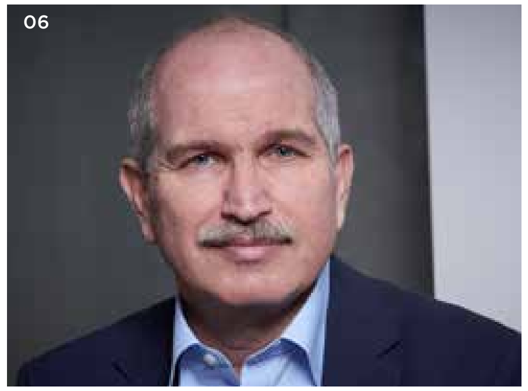
Michael was appointed Chief Operating Officer and Trafigura Management Board member in January 2008. His principal focus is the management of the middle and back office support teams for the trading division, direct responsibility for the Group's P&L and responsibility for the Finance function at Board level. Mike joined Trafigura in 1996. He has held various roles within the Group, covering accounting, deals desk and middle office IT development. Mike holds a BSc in Mathematics and Actuarial Studies from Southampton University.

Our Executive Committee

Our highly experienced Executive Committee works closely together to set the strategy and lead the transformation of Puma Energy.

/ OUR EXECUTIVE COMMITTEE GOVERNANCE /

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



01

Emma FitzGerald (ii)

Chief Executive Officer

1 year at Puma Energy,.

Emma joined Puma Energy in January 2019 as CEO. Previously, she spent many years running Downstream Retail, Lubricants and LPG businesses for Shell around the world. For the last 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. At the time of going to press at the end of March, Emma was appointed to the board of UPM-Kymmene Corporation. Emma holds a doctorate in Surface Chemistry from Oxford University and an MBA from Manchester Business School.

02

Deborah Binks-Moore

Head of Corporate Affairs and Marketing

Deborah joined Puma Energy in January 2020. Previously, she spent five years working in the technology sector, most recently at Alibaba Group, where she was Head of International Corporate Affairs and Marketing EMEA. Prior to that she was Senior Director of Communications for EMEA at eBay. Deborah started her career as a research scientist at Royal Dutch Shell, becoming Global Head of Communications for Shell Retail, Global Head of Communications for Shell's Technology business and Global Head of Change Communications. She has also worked in various commercial and technical roles and in other sectors. Deborah holds a BSc (Hons) and PhD in Biochemistry from the University of Dundee.

03

Pierre Costa

Chief Information Officer

3 years at Puma Energy.

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.

04

Andrew Kemp (ii), (iii)

Chief Financial Officer

1 year at Puma Energy.

Andrew joined Puma Energy in June 2019. Previously, he was the Group Director of Finance at VEON Ltd and has held a number of senior finance roles in telecommunications over 20 years, in addition to experience in the logistics, travel and property sectors. Most recently he was Regional CFO for VEON's operating companies in Pakistan, Bangladesh and Algeria. Prior to that Andrew was CFO of Jazz in Pakistan for three years where he played an instrumental role in the merger with Warid Telecom and the broader turnaround of Jazz's operations. Before joining the VEON Group, Andrew held a number of senior positions, including CFO of Etisalat Nigeria, Managing Director of Morgan Franklin and Group Controller at BT plc.

05

Eghosa Oriaikhi Mabhena

Head of Africa

Eghosa joined Puma Energy in July 2019. Previously, she was an Executive Director at Baker Hughes, a GE Company where she led business units across Europe, Africa, Russia Caspian, Middle East and Asia-Pacific. She also spent nine years at Schlumberger. Eghosa has been in the energy industry for over 17 years and her expertise is in Corporate and Commercial Strategy, Business Development, Operational and Financial Leadership, Operations Management, Contract Management, Engineering and Technology and Supply Chain and Manufacturing. She serves on boards and her passion is in helping to shape diverse work cultures which can enable women to thrive in senior positions within organisations.

Eghosa holds a Global Executive MBA from IESE Business School in Spain and a Masters qualification in Mechanical Engineering from University College London, UK. She has lived in Nigeria, England, Northern Ireland, the USA and Malaysia, with extended time spent in Spain and Hong Kong.

06

Antonio Mawad (ii), (iv)

Global Head of HSE and Operations

6 years at Puma Energy.

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 chemical engineer title from Simón Bolívar University in Caracas and an engineering degree in oil refining from the French Petroleum Institute in Paris.

Our Executive Committee
continued

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

07

Alan McGown
Chief Transformation Officer

1 year at Puma Energy.

Alan joined Puma Energy as Chief Transformation Officer in 2019. He is leading the work to develop and implement the strategy to create value from Puma Energy's existing businesses and to position the Company for future sustainable growth. Alan was previously Chief Marketing Officer at Nayara Energy in India (formerly Essar Oil). Prior to Nayara, Alan was the director of retail strategy for the Downstream retail business at Rosneft in Russia and before that he had a long career at BP. Among his many roles at BP, Alan was VP of business development and marketing for BP retail in China, global fuels strategy manager and general manager of retail in Poland.

08

Jonathan Pegler (ii)
Head of Supply, Trading and New Ventures

5 years at Puma Energy.

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 their European Downstream system. Jonathan graduated from City University in London with a BSc in aeronautical engineering.

09

Michael Schulz (ii), iv)
Chief People and Culture Officer

Michael joined Puma Energy as Chief People and Culture Officer in March 2020. Michael's experience includes leading large HR teams and delivering significant organisation design and change management programmes in complex international organisations. Until recently he was Senior Vice President of Human Resources at Petrofac. Before that, he headed up the HR organisation for Lafarge in the Middle East and North Africa.

10

Dirk-Jan Vanderbroeck
Global Head of Portfolio Management

6 years at Puma Energy.

Dirk-Jan joined the Group in February 2014 as Global Head of Corporate Finance and Treasury and as of January 2019 sits on the Executive Committee as the newly appointed Global Head of Portfolio Management. He holds an MSc in Business Economics from the University of Groningen in the Netherlands. Dirk-Jan worked at Goldman Sachs from 1999 to 2012, most recently as a Managing Director in its Investment Banking Division. Prior to joining the Group, Dirk-Jan was at Royal Mail Plc and Marylebone Energy Partners.

11

Rodrigo Zavala
Head of Americas

8 years at Puma Energy.

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.

12

Christophe Zyde (ii)
Chief Customer Officer

8 years at Puma Energy.

Christophe was appointed Chief Customer Officer and Head of MEAP in 2019, having been Group Chief Operating Officer since 2016. Christophe joined Trafigura in 2010 and became 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.

Governance at a glance

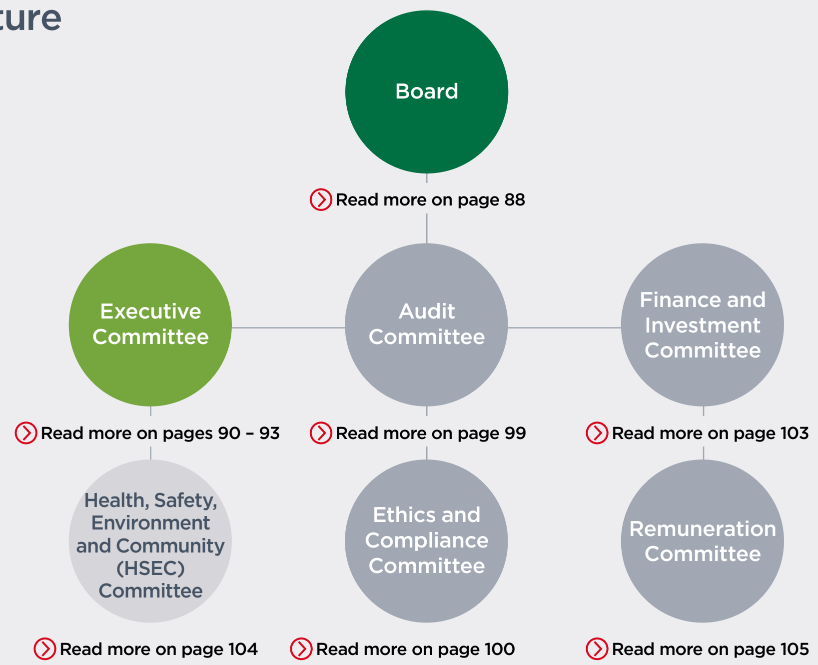
We have an intense commitment to good governance. It is the foundation of being a responsible sustainable business and goes to the heart of our core purpose: to energise communities to drive growth and prosperity.

Our governance principles

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	Having 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.

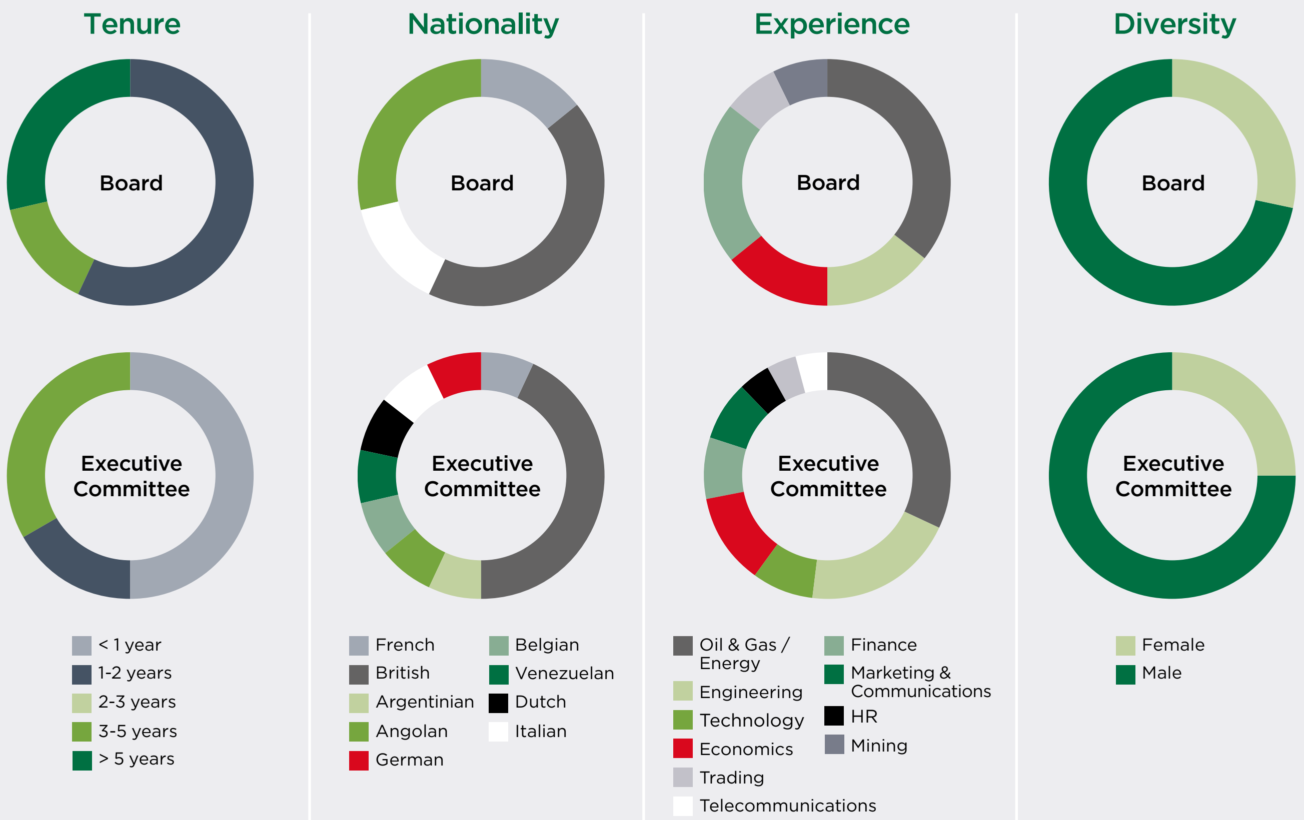
Strong governance structure

We have a strong governance structure. At its core, this includes our Board of Directors which brings together diverse energy industry professionals from around the world; our highly experienced and motivated Executive Committee setting the strategy and leading the transformation of Puma Energy; and five committees focused on key areas at the heart of good governance: Audit; Ethics and Compliance; Finance and Investment; Health, Safety, Environment and Community (HSEC); and Remuneration.



Our strong, diverse leadership

Across our Board and Executive Committee we have a great range of experienced people with diverse backgrounds and skills. Together, our senior leaders are focused on ensure good governance and delivering our strategy successfully for our stakeholders.



Areas of focus this year

Strategy and transformative plan

- Defining and agreeing the strategy
- Structuring the transformation framework
- Leading the transformation
- Championing customer focus
- Enhancing talent attraction and development

Purpose

- Defining the new purpose: energising communities
- Communicating the purpose throughout Puma Energy and beyond
- Making the most of the purpose to inform the strategy

Executive Committee

Financials

- Delivering the business plan
- Targeting sustainable profitable growth
- Managing the portfolio
- Deleveraging the balance sheet

Values and culture

- Defining the new values
- Embedding and nurturing the collaborative high energy culture

Chairman's governance report

Our customer-focused approach, strengthened leadership, as well as the restructuring of our shareholding post-period, underlines our commitment to both corporate governance and business execution.

In 2019, we enhanced our good governance in a number of ways, to support the new strategy and transformation plan and align with our new purpose.

Graham Sharp,
Chairman

Building on our existing good governance

Our governance is strong and well-established at Puma Energy.

Governance objectives

Our approach is driven by three overriding objectives. We seek:

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.

The Board of Directors

The Board comprises a Non-Executive Chairman, the Chief Executive Officer and five 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 2019 included:

- Safely delivering the business plan
- Developing the five-year strategy plan
- Focusing on managing the portfolio to support future growth.

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. Emma is responsible for:

- Managing the Company
- Reporting the Company's results and outlook to shareholders and the financial community
- Overseeing the strategic direction of the Company.

To ensure we deliver sustainable responsible growth as we work to energise communities around the world, we have an unswerving commitment to achieving high standards of corporate governance.

Executive team

Our highly experienced executive team take 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 pages 90 – 93 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 and Investment Committee
- Health, Safety, Environment and Community Committee
- Remuneration Committee.

Managing our business responsibly

We employ more than 9,300 people from over 80 countries, and have implemented a structure of global, regional and local offices to ensure we manage our business responsibly.

We empower local employees to improve 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.

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.

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 Health, Safety, Environment and Communities (HSEC) 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 businesses. 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.

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.

Chairman's governance report *continued*

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$18bn in 2004 to US$181bn 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.

Changes to shareholding and ownership structure
On 2 March 2020 the company agreed, subject to receipt of regulatory approvals, to a shareholding restructuring transaction with Trafigura Pte Ltd and Cochan Holdings; the result of which will be that Cochan is no longer a significant shareholder, with Cochan's shareholding reduced to less than 5%. The transaction will be implemented by a buyback of shares from Trafigura. This follows an equivalent purchase by Trafigura of Puma Energy's shares from Cochan Holdings. The repurchase by Puma Energy will be funded by a subordinated shareholder loan from Trafigura with an initial tenor of seven years.

Advancing our governance in 2019

We undertook a number of steps in 2019 to further advance our good governance. Our underlying aim was to ensure we had the strongest possible foundation for pursuing our new purpose and customer-focused strategic transformation.

Enhancing our committees
To align our committees with the new direction and drive in the business we made a number of changes in 2019. The Finance Committee was renamed – becoming the Finance and Investment Committee in line with its expanded focus on ensuring we manage our portfolio as effectively as possible. More information can be found in the Finance and Investment Committee report on page 103.

In addition, we created a Remuneration Committee in July 2019. The purpose of this Committee is to review Puma Energy's remuneration and reward policies to ensure they align with and support the purpose, goals and transformation of the business. There was an immediate specific focus on Executive Committee and senior management remuneration. More information can be found in the Remuneration Committee report on page 105.

Increasing engagement
Under our CEO Emma FitzGerald's leadership, we have increased stakeholder engagement a great deal through the year. Interaction at a committee level has increased, with a higher number of meetings. In addition Emma conducts monthly calls with the Board as well as regular scheduled meetings. Emma also holds monthly shareholder information sessions.

This is part of our wider drive to strengthen communication, transparency and accountability at all levels of the business, which in turn is key to strengthening our good governance. The Board members and shareholders are very appreciative of this new approach.

Reviewing and updating our Code of Conduct
We are reviewing and updating our current Code of Conduct to ensure it is right for Puma Energy now and going forward. The updated Code will be rolled out across the business.

Strengthening our Risk Management Framework
In 2019, we focused on evolving our Risk Management Framework – moving towards the classic structure of Three Lines of Defence endorsed by the Institute of Internal Auditors (IIA).

Formalising our Environment, Social and Governance (ESG) framework
We are looking to formalise our Environmental, Social and Governance (ESG) framework. We recognise that this is an important aspect of our good governance, not only as a foundation for our own responsible business operations but also, increasingly, as a requirement of other key stakeholders such as current and potential lending partners.

Appointment of a new Chairman
On 3 March 2020 René Médori was appointed as non-Executive Chairman.

René, who holds dual French and British nationality, succeeds Graham Sharp and brings significant experience to the Board from his executive roles in the energy and natural resources sectors. He was previously Chief Financial Officer of Anglo American, and Group Finance Director of The BOC Group. He currently holds Non-Executive Directorships at Newmont, Vinci and he is also Chairman of Petrofac.

René's appointment comes at a time when the Executive Management team is focused on accelerating delivery of its customer-led five-year growth strategy and balance sheet restructuring. He brings to Puma Energy his deep knowledge of the sector. His direct experience of international best practice in corporate governance and operating responsibly in emerging markets will be invaluable to the company.

Graham Sharp will continue to provide strong support to the Board of Puma Energy as a Non-Executive Director.

Report of the Audit Committee

We continue to apply strong audit controls and processes as part of our ongoing commitment to robust risk management and good governance.

Members of the committee

Chair: Graham Sharp
Chairman

Christophe Salmon
CFO, Trafigura

Mark Irwin
Director, Trafigura

Baltazar Agostinho Gonçalves Miguel
Executive Board Member, Sonangol EP

The Committee meets at least twice a year.

Key responsibilities

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.

This year we took the opportunity to review and enhance our internal control and risk framework.

Graham Sharp,
Chairman

The main activities through the year
The Audit Committee met twice in 2019.

The main focus of the Committee through the year was to review the key internal audit findings for 2019 and the 2019 balance sheet review. The Committee also reviewed the 2019 internal audit plan and discussed updates.

There was a particular focus on developing the Company's current internal control and risk framework and investigating opportunities for improvement.

Future focus
The Committee discussed the audit strategy for 2020 and is looking to implement this strategy to help strengthen Puma Energy's audit processes and performance still further.

The plan going forward is for the Audit Committee to meet four times a year, rather than two.

Report of the
Ethics and Compliance Committee

Across Puma Energy around the world, we are embedding a strong ethics and compliance culture so that it is part of our everyday way of doing business – a core part of the way we energise communities.

> *We want to build a compliance programme where everyone in Puma Energy is aware of compliance, understands why it is an important part of bringing our purpose alive and is engaged and committed to their role and responsibilities in delivering a compliant environment.*
>
> ***Rhibetnan Yaktal,***
> *Global Head of Compliance*

Members of the committee

Chair: Emma FitzGerald
Chief Executive Officer

Andrew Kemp
Chief Financial Officer

Christophe Zyde
Chief Customer Officer

Antonio Mawad
Global Head of HSE and Operations

Michael Schulz
Chief People and Culture Officer

Jonathan Pegler
Head of Supply, Trading and New Ventures

Rhibetnan Yaktal
Global Head of Compliance

The Committee meets at least twice a year.

Key responsibilities

Reviewing, approving and overseeing the Company's programme for ethics and compliance.

Reviewing significant ethics and compliance risks and confirming 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.

Reviewing significant investigations and outcomes to identify lessons learned and opportunities for systemic remediation.

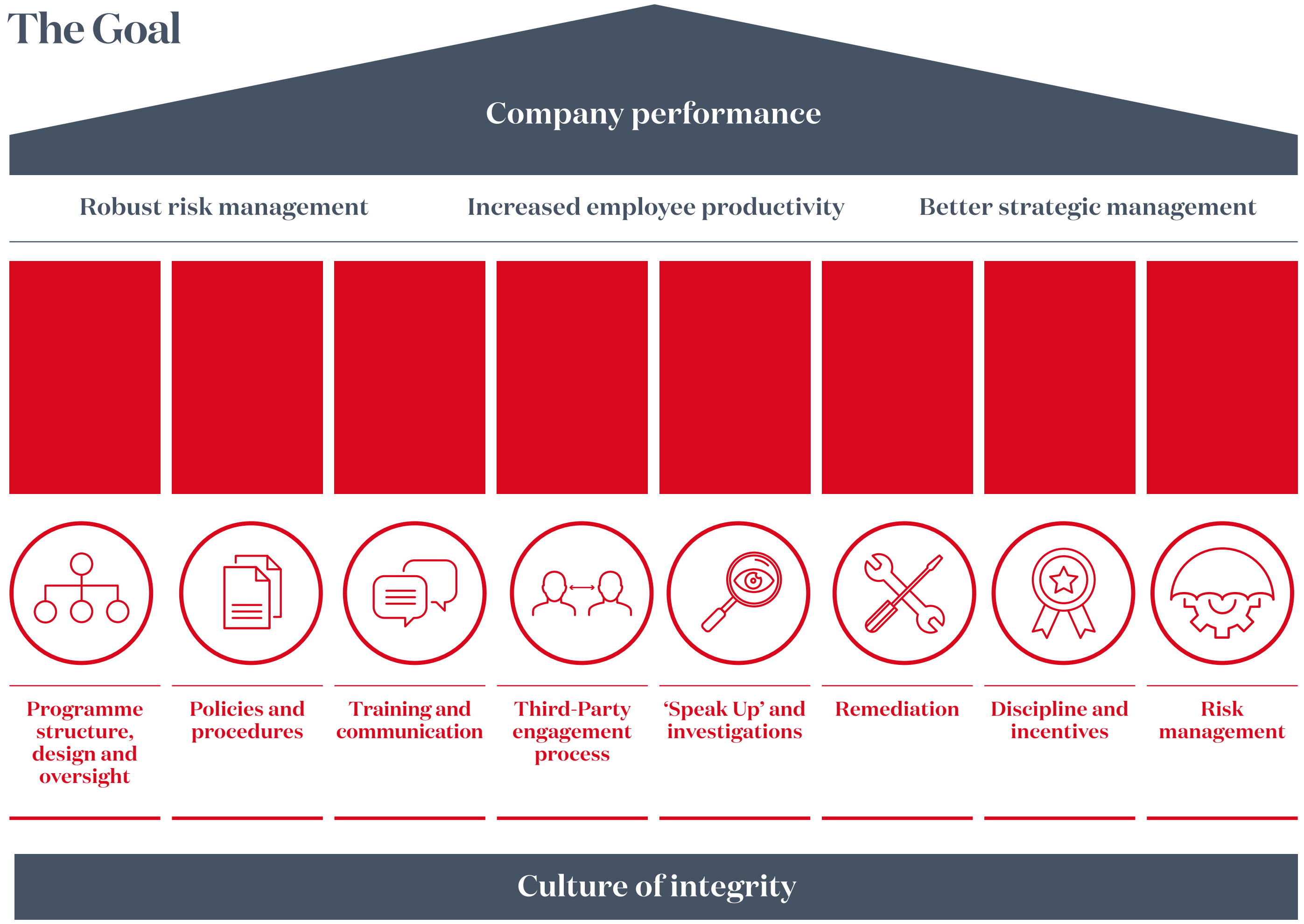
Reviewing and resolving significant ethics and compliance matters that have the potential to adversely and materially impact the Company's reputation.

The main activities through the year

The Ethics and Compliance Committee met twice in 2019.

A key area of focus, led by our new Global Head of Compliance Rhibetnan Yaktal, was to review afresh our compliance programme and approach to ensure it aligns with our new purpose, values and strategy.

Our vision for ethics and compliance is that everyone in Puma Energy is actively involved in making it real. We want people to be truly risk aware – to know what they are allowed to do and not to do, where to seek help, where to find information, and also to be clear on what role they play in making sure everyone is



doing the right thing, every time. So it truly becomes part of everyone's day-to-day. We have articulated this vision to senior management, which will be further cascaded and embedded throughout the business.

The goal

The aim ultimately is to reinforce and improve our performance as we focus on our core purpose of energising communities to drive prosperity and growth.

To make this happen, we are building on our strong foundation, for example by reviewing and updating our current Code of Conduct to ensure it is right for Puma Energy now and going forward. The updated Code will be rolled out across the business. This is one of a number of elements in our compliance programme, which we put together following a thorough peer review.

Another element is the programme structure design and oversight. We are in the process of staffing the programme to achieve the objective. We have appointed a regional compliance officer for MEAP and are in the process of appointing another for Africa. Furthermore, our network of Code Ambassadors across the business, supported by functional experts are key in overseeing the work.

We are also looking at our policies and procedures. In 2020, we will review existing policies, to make sure they align with the new Code of Conduct and the Puma Energy purpose.

Report of the Ethics and Compliance Committee *continued*

In addition, we are focusing on compliance training and communication. In 2019, there was a significant drive behind compliance training for all our employees. The training covered a wide range of issues, from anti-bribery and corruption to sanctions. The aim is to empower our employees with the knowledge required for dealing with issues they may face in their day-to-day work environment.

We continue to provide specific face-to-face and online training for business leaders, to help them promote the Code of Conduct and foster an ethical compliance culture throughout Puma Energy. This training focuses on our core value of leading by example, setting the tone and nurturing the culture with teams.

Third-party engagement is also critical. In 2019, we created new risk-based policies for the approval of agents, and for screening vendors, customers, distributors and all other third parties. We will roll these out in Q1 of 2020.

We have in place an established helpline that is accessible to all employees. We are strengthening our whistleblowing policies, processes and training: for example, by emphasising no retaliation. In 2020, we will also work on developing a robust globally consistent investigation process. In addition, we will be strengthening our remediation approach to ensure we act, learn and improve following the raising and investigation of issues.

Future focus

We are focusing on all these elements to build understanding, trust and commitment to the Puma Energy way of working together ethically and responsibly to energise communities around the world. For us, it is an unending long-term commitment, a day-to-day everyday thing.

Everyone in Puma Energy has a role and responsibility in achieving the goal. These roles and responsibilities have been and will continue to be communicated to all.

We all play our part

Audit Committee

Oversee and ensure that Puma Energy adequately manages ethics and compliance risks.

Executive Committee

Living the values, and responsible for Code leadership, providing active, visible support and resources for Code implementation.

Ethics and Compliance Committee

The ethics and compliance programme sounding board, reviewing and approving it, providing leadership and Board with the information and assurance about the programme.

Compliance Function

Sets programme framework, provides guidance and oversight for the prevention, detection and remediation of regulatory and compliance issues.

Line Management

Accountability for implementation of the programme and living the values.

Employees

Each Puma Energy employee is responsible for reading and understanding the Code, knowing what it means for him or her in his or her daily job and bringing it alive in what they do in working with their colleagues and partners to deliver solutions for our customers and the communities we serve.

Report of the Finance and Investment Committee

From reviewing financial performance to optimising our portfolio, we are dedicated to managing our finance and investments to ensure Puma Energy keeps growing sustainably.

Members of the Committee

Chair: Graham Sharp
Chairman

Andrew Kemp
Chief Financial Officer

Pierre Lorinet
Director, Trafigura

Michael Wainwright
Director, Trafigura

Baltazar Agostinho Gonçalves Miguel
Executive Board Member, Sonangol EP

The Committee meets at least twice a year.

Key responsibilities

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.

Overseeing portfolio management.

The main activities through the year

The Finance and Investment Committee met five times in 2019.

Alongside longstanding ongoing activities such as reviewing, advising on and approving the Company's main financing facilities, the committee expanded its focus in 2019 to include an increasing emphasis on portfolio management. Hence the renaming, from Finance Committee to Finance and Investment Committee.

The Committee established a specific portfolio team with the sole focus of reviewing the portfolio and advising the committee on their findings and recommendations. With the help of external advisers, the whole portfolio was reviewed and recommendations were made to the committee. The main priorities were to look for the best ways to deleverage the balance sheet and drive our investment strategy to optimise our portfolio for the future growth and sustainability of Puma Energy.

A number of portfolio optimisation projects have been undertaken though the year. We sold our business operations in Indonesia and Paraguay, enabling us to streamline the portfolio, pay down debt and focus on those markets that will drive high growth.

> *This year we added a particular focus on reviewing and refining our portfolio to support the new strategy, transformation plan and exciting growth ambitions of the business.*
>
> ***Graham Sharp,***
> *Chairman*

Report of the Health, Safety, Environment and Community (HSEC) Committee

We focus on ensuring consistently high HSEC standards and performance throughout Puma Energy.

Members of the Committee

Chair: Antonio Mawad
Global Head of HSE and Operations

Charlotte Dauphin
Corporate Affairs, Marketing and Sustainability Director

Michael Schulz
Chief People and Culture Officer

Ivan Govender
Operations Manager, Africa

Carlos Garcia
Operations and HSEC Manager, Americas

Stylianos Tzaferis
Operations Manager, Asia-Pacific

Jose A. Alfaro
Retail Manager, Americas

Ciro Izarra
Aviation Operations Manager

Priit End
Operations Controller

Philippe Roux
Global Head of Transport

The Committee meets at least four times a year.

Key responsibilities

Focusing on four key areas: economic development; health and safety; the environment; our people and the communities in which we work.

Advising the business on all sustainability matters.

Supervising other working groups responsible for specific strategic, technical, operational and community projects.

Reviewing historical performance indicators.

"We continued to increase our focus on embedding a strong HSEC culture across Puma Energy and succeeded in delivering major health and safety improvements

Antonio Mawad,
Global Head of HSE and Operations

The main activities through the year

The HSEC Committee met four times in 2019.

Through the year the Committee undertook a number of key activities. These included defining Puma Energy HSEC yearly goals; reviewing and approving new guidelines on Puma Energy HSEC policies; following up with each region on their implementation of Puma Energy HSEC policies; reviewing Group and regional HSEC statistics, performance KPIs and results; reviewing major incidents investigation reports; defining improvements and action plans based on lessons learned from these incidents, and planning and reviewing new HSEC campaigns.

Future focus

For 2020, in addition to the yearly HSE group, regional and countries performance, the HSEC Committee intends to concentrate on two main topics:

- Develop and start implementing a specific Environmental policy across the Puma Energy group.
- Implement detailed greenhouse gas (GHG) data collection for each country, following similar principles to calculate Scope 1 and Scope 2 quarterly GHG emissions. Analysing the data collected, we will develop KPIs and measures for the effective mitigation of GHG emissions during 2021 and onwards.

Report of the Remuneration Committee

The Remuneration Committee's purpose is to define the compensation architecture for the members of the Executive Committee and other senior select personnel of the Group. It reviews and sets the Executive Committee member's remuneration.

Members of the Committee

Chair: Pierre Lorinet
Director, Trafigura

Michael Wainwright
Director, Trafigura

Filomena Maria Gamboa Carvalho dos Santos e Oliveira
Executive Board Member, Sonangol Hidrocarbonetos Internacional

The Committee meets at least twice a year.

Key responsibilities

Setting the reward architecture for Puma Energy's remuneration and reward policies.

Advising the Board on the annual and long-term remuneration and reward structure for the Executive Committee.

Supporting the imperative to attract, retain, motivate and reward great talent in a competitive environment.

The core activities through the year

The Remuneration Committee met twice in 2019, in August and November.

Created in July 2019, the Remuneration Committee undertook a thorough review of Puma Energy's remuneration and rewards practises. Particular emphasis was given to the competitive remuneration benchmark and appropriate alignment for the Executive Committee. The Committee reviewed and ensured the principle of pay for performance with emphasis on Financial and Non-Financial Corporate KPI metrics. During its sessions, the Committee also assessed the long- and short-term incentives and their alignment to the Company's strategy.

The Committee is focusing on ensuring Puma Energy is competitive and effective in attracting, retaining and rewarding the talent the business needs to achieve its current as well as long-term strategic ambitions and core purpose.

The Committee is setting out a strategic reward agenda for the forthcoming period to ensure alignment of all shareholders and board members to the reward principles, standards and practises.

4

Financial statements

"Energising communities means building ever stronger more trusted partnerships, with customers, communities and countries. So that together we can take on the challenges, make the most of the opportunities and go far.

Consolidated statement of income

For the years ended 31 December

in US$'000	Notes	2019	2018 Restated(i)
Continuing operations			
Revenue from contracts with customers	10.1	14,597,831	15,339,393
Cost of sales		(13,333,021)	(14,059,500)
Gross profit		**1,264,810**	**1,279,893**
Selling and operating costs	10.2	(1,481,978)	(931,555)
General and administrative expenses	10.3	(166,591)	(196,314)
Other operating income	10.4	81,124	9,078
Other operating expenses	10.4	(31,666)	(6,141)
Share of net profits and losses of associates	9.2	6,831	5,919
Operating loss/(profit)		**(327,470)**	**160,880**
Finance income	10.5	30,286	136,912
Finance costs	10.6	(323,176)	(232,394)
Net foreign exchange gains/(losses)	10.7	9,946	9,874
Loss/(profit) before tax		**(610,414)**	**75,272**
Income tax expense	11.1	(77,427)	(60,579)
Loss/(profit) after tax from continuing operations		**(687,841)**	**14,693**
Loss after tax from discontinued operations	12.1	(103,942)	(45,675)
Loss for the year		**(791,783)**	**(30,982)**
Attributable to:			
Owners of the parent		(780,531)	(25,208)
Non-controlling interests		(11,252)	(5,774)

(i) The 2018 consolidated statement of income has been restated to reflect the classification of the Australian commercial and retail fuels business under discontinued operations.

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Consolidated statement of comprehensive income

For the years ended 31 December

in US$'000	2019	2018
Loss for the year	**(791,783)**	**(30,982)**
Other comprehensive income/(loss)		
Exchange differences on translation of foreign operations, net of tax	(329,955)	(649,215)
Profit/(loss) on assets at fair value through other comprehensive income	3,021	(668)
Other income	–	9,600
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(326,934)**	**(640,283)**
Remeasurement gains on defined benefit plans, net of tax	1,835	4,508
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**1,835**	**4,508**
Total comprehensive loss for the year, net of tax	**(1,116,882)**	**(666,757)**
Attributable to:		
Owners of the parent	(1,108,537)	(656,357)
Non-controlling interests	(8,345)	(10,400)

Consolidated statement of financial position

For the years ended 31 December

in US$'000	Notes	2019	2018 restated
Assets			
Non-current assets			
Property and equipment	13	2,420,519	3,158,720
Intangible assets and goodwill	14	606,124	1,273,008
Right-of-use	15	682,257	–
Investments in associates	9.2	27,643	39,932
Other financial assets	18	89,455	88,639
Deferred tax assets	11.5	52,384	109,940
Other assets	19	101,123	121,719
Total non-current assets		**3,979,505**	**4,791,958**
Current assets			
Inventories	17	1,022,175	909,662
Other assets	19	341,684	386,294
Income tax receivable	11.4	14,993	15,934
Trade receivables	20	619,724	834,252
Other financial assets	18	31,587	89,018
Cash and cash equivalents	21	619,023	644,496
Total current assets		**2,649,186**	**2,879,656**
Asset classified as held for sale		860,117	–
Total assets		**7,488,808**	**7,671,614**
Equity and liabilities			
Equity			
Share capital	22	2,060,035	2,054,166
Retained earnings		52,256	848,955
Foreign currency translation reserve		(1,794,559)	(1,461,944)
Other components of equity		5,568	3,980
Equity attributable to owners of the parent		**323,300**	**1,445,157**
Non-controlling interests		124,076	135,909
Total equity		**447,376**	**1,581,066**
Non-current liabilities			
Interest-bearing loans and borrowings	23	2,724,934	2,828,303
Lease liabilities	24	591,189	–
Retirement benefit obligations		294	2,121
Other financial liabilities	26	4,528	10,103
Deferred tax liabilities	11.5	50,997	54,842
Provisions	25	43,042	43,444
Total non-current liabilities		**3,414,984**	**2,938,813**
Current liabilities			
Trade and other payables	27	2,619,443	2,598,873
Interest-bearing loans and borrowings	23	284,733	457,032
Lease liabilities	24	79,890	–
Other financial liabilities	26	57,860	40,799
Income tax payable	11.4	36,739	40,151
Provisions	25	21,430	14,880
Total current liabilities		**3,100,095**	**3,151,735**
Liabilities directly associated with the assets classified as held for sale		526,353	–
Total liabilities		**7,041,432**	**6,090,548**
Total equity and liabilities		**7,488,808**	**7,671,614**

Consolidated statement of changes in equity

For the years ended 31 December

In US$'000	Notes	Attributable to owners of the parent: Share capital	Retained earnings	Foreign currency translation reserve	Other components of equity	Total	Non-controlling interest	Total equity
At 1 January 2019		**2,054,166**	**848,955**	**(1,461,944)**	**3,980**	**1,445,157**	**135,909**	**1,581,066**
IFRS 16 adoption		–	5,195	–	–	5,195	(407)	4,788
At 1 January 2019 – restated		**2,054,166**	**854,150**	**(1,461,944)**	**3,980**	**1,450,352**	**135,502**	**1,585,854**
Loss for the year		–	(780,531)	–	–	(780,531)	(11,252)	(791,783)
Other comprehensive income/(loss)		–	3,021	(332,615)	1,588	(328,006)	2,907	(325,099)
Total comprehensive loss		**–**	**(777,510)**	**(332,615)**	**1,588**	**(1,108,537)**	**(8,345)**	**(1,116,882)**
Dividends		–	–	–	–	–	(5,998)	(5,998)
Acquisitions/disposals of non-controlling interests	6.5	–	(2,555)	–	–	(2,555)	2,917	362
Issue of new shares		10,869				10,869		10,869
Deemed distribution to shareholders(i)		–	(10,869)	–	–	(10,869)	–	(10,869)
Reclassification to share-based payment payable from employees		–	(15,139)	–	–	(15,139)	–	(15,139)
Share buy-back		(5,000)	(2,466)	–	–	(7,466)		(7,466)
Share-based payments(ii)		–	6,645	–	–	6,645	–	6,645
At 31 December 2019		**2,060,035**	**52,256**	**(1,794,559)**	**5,568**	**323,300**	**124,076**	**447,376**

(i) The line deemed distribution reflects buy-backs of shares made in relation to the Group's employee share plan 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.

In US$'000	Notes	Attributable to owners of the parent: Share capital	Retained earnings	Foreign currency translation reserve	Other components of equity	Total	Non-controlling interest	Total equity
At 1 January 2018		**2,054,166**	**709,196**	**(817,711)**	**185,853**	**2,131,504**	**131,100**	**2,262,604**
At 1 January 2018 – restated(i)		2,054,166	895,220	**(817,183)**	**(699)**	2,131,504	131,100	2,262,604
Loss for the year		–	(25,208)	–	–	(25,208)	(5,774)	(30,982)
Other comprehensive income/(loss)(i)		–	8,932	(644,761)	4,679	(631,150)	(4,626)	(635,776)
Total comprehensive loss		**–**	**(16,276)**	**(644,761)**	**4,679**	**(656,358)**	**(10,400)**	**(666,758)**
Dividends		–	–	–	–	–	(7,011)	(7,011)
Acquisitions/disposals of non-controlling interests	6.5	–	(17,580)	–	–	(17,580)	16,373	(1,207)
Deemed distribution to shareholders(ii)		–	(13,587)	–	–	(13,587)	–	(13,587)
Share-based payments(iii)		–	4,751	–	–	4,751	–	4,751
Acquisition of subsidiary	6.2	–	–	–	–	–	3,819	3,819
Other(iv)		–	(3,573)	–	–	(3,573)	2,028	(1,545)
At 31 December 2018		**2,054,166**	**848,955**	**(1,461,944)**	**3,980**	**1,445,157**	**135,909**	**1,581,066**

(i) Opening balances for 2018 have been restated across the components of equity by reclassifying US$'000 (186,552) from other components of equity related to the hyperinflation impact in Angola to foreign currency translation reserve US$'000 528 and retained earnings US$'000 186,024. This restatement has also impacted the other comprehensive income/(loss) within the year by reclassifying US$000 (80,922) previously shown under other reserves to the foreign currency translation reserve.
(ii) The line deemed distribution reflects buy-backs of shares made in relation to the Group's employee share plan (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.
(iii) The line share-based payments, includes the costs accrued during the year for the employee share plan.
(iv) Mainly includes the impact of the first-time adoption of the expected credit loss model, in line with IFRS 9.

Consolidated statement of cash flows

For the years ended 31 December

in US$'000	Notes	2019	2018
Operating activities			
Loss before tax from continuing operations		(610,414)	75,272
Loss before tax from discontinued operations		(52,896)	(54,923)
Loss/(profit) before tax		**(663,310)**	**20,349**
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property and equipment	10.2, 13	405,813	359,853
Amortisation and impairment of intangible assets	10.2, 14	575,555	79,604
Amortisation and impairment of lease right-of-use	15	146,074	–
Tangible and intangible assets written off		493	–
Gain on disposal of assets and investments	10.4	(79,315)	(1,188)
Net interest expense	10.5, 10.6	211,142	218,515
Lease financial costs	7.2, 12.2	68,634	–
Dividend income	10.5	(3,769)	(3,730)
Share of net profit of associate	9.2	(7,132)	(6,166)
Provisions		12,404	(1,597)
Changes in value of derivative financial instruments		115,469	(112,685)
Gain on bond exchange/modification of private placement	10.5	–	(13,803)
Effect from hyperinflation adjustment	10.6	10,602	(83,988)
Working capital adjustments:			
Increase/(decrease) in trade, other receivables and prepayments		112,243	(347,920)
Decrease/(increase) in inventories		(226,858)	101,103
Increase in trade, other payables and accrued expenses		149,730	744,685
Interest received	10.5	26,507	21,517
Dividends received from associates		1,970	2,821
Income tax paid		(62,330)	(50,070)
Net cash flows from operating activities		**793,922**	**927,300**
Investing activities			
Net proceeds from sale of subsidiaries and investments	6.6	136,499	25,290
Proceeds from sale of assets		39,177	6,759
Purchase of intangible assets	14	(8,242)	(16,767)
Purchase of property and equipment	13	(137,817)	(262,541)
Acquisitions of subsidiaries, net of cash acquired	6.3	–	(4,165)
Dividends received	10.5	2,624	3,730
Net cash flows from/(used in) investing activities		**32,241**	**(247,694)**
Financing activities			
Loans (granted)/reimbursed		(22,022)	(453)
Proceeds from/(repayment of) borrowings		(303,008)	(938,824)
Proceeds from bond issuance	23	–	750,000
Interest paid		(227,328)	(238,112)
Lease payments		(172,657)	–
Divestment/(acquisition) of non-controlling interests	6.5	–	(8,320)
Dividends paid		(5,998)	(17,262)
Deemed distribution to shareholder		(7,466)	(13,587)
Net cash flows used in financing activities		**(738,479)**	**(466,558)**
Net increase in cash and cash equivalents		87,684	213,048
Effects of exchange rate differences		(110,661)	(87,755)
Cash and cash equivalents at 1 January	21	644,496	519,203
Cash and cash equivalents	21	**621,519**	**644,496**
Less: cash and cash equivalents under discontinued operations		2,496	–
Cash and cash equivalents at 31 December under continuing operations		**619,023**	**644,496**

Notes to the consolidated financial statements

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 (49.42%), Sonangol Holdings Lda (27.99%), Cochan Holdings LLC (15.48%) and other investors (7.11%).

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$2,649 million and current liabilities of US$3,100 million at 31 December 2019 (2018: current assets of US$2,880 million and current liabilities of US$3,152 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 28.2 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 2019. 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; and
- 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; and
- 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; and
- 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 and Zimbabwe restate non-monetary items in the balance sheet in line with the requirements of IAS 29.

The two hyperinflationary economies applicable to the Group are Angola and Zimbabwe. The hyperinflationary treatment was applicable to Angola for the full year in 2018 but has been ceased at 31 March 2019. For Zimbabwe the hyperinflationary treatment has been applied starting with 1 January 2019. The financial statements of the major subsidiaries in these two countries 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.

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; and
- 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.

/ FINANCIAL STATEMENTS /

Notes to the consolidated financial statements *continued*

2. Accounting methods *continued*

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; and
- 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 16.

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.

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 the 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.

/ FINANCIAL STATEMENTS /

Notes to the consolidated financial statements *continued*

2. Accounting methods *continued*

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 contractual 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 23.

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 IFRS 9.

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, 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.

/ FINANCIAL STATEMENTS /

Notes to the consolidated financial statements *continued*

2. Accounting methods *continued*

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 17.

m) Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Under IAS 17, in the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. They were 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 were 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 were recognised in profit or loss.

Leased assets were 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 were recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

Policy applicable from 1 January 2019

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For this assessment, the Group verifies that:

- The contract involves the use of an identified asset
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices separating, whenever it has been possible, any non-lease components.

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. Both are presented as separated items in the statement of financial position under the note 15 and the note 24.

The right-of-use assets is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimated of costs for dismantling less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability (ex: escalations). At implementation of the norm, we included any lease prepayment pending to amortise as of 31st December 2018 in the right-of-use.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery, vehicles, vessels and IT and office equipment that have a lease term of 12 months or less and any kind of leases nature when low-value assets are concerned. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

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 subtracted from lease on a straight-line basis over the lease term.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

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; and
- 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.

/ FINANCIAL STATEMENTS /

Notes to the consolidated financial statements *continued*

2. Accounting methods *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 2019 and 2018 are described in Note 16.

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.

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. 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. 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

Refinancing of and existing revolving credit facility
In April 2019 the Company successfully closed a 1-year USD 350 million Revolving Credit Facility, with two 1 – year extension options, to refinance the Company's existing 1-year USD 520 million revolving credit facility dated April 2018.

Disposal of Indonesia
In July 2019 the Company disposed of its operations in Indonesia.

Disposal of Paraguay
In September 2019 the Company announced the sale of its business operations in Paraguay to Impala Terminals Group, a joint venture between Trafigura and IFM Global Infrastructure Fund. The transaction was completed in January 2020.

Announced the disposal of Australia
In December 2019 the Company announced the sale of its Australian commercial and retail fuels business to Chevron Australia Downstream Pty Ltd. The transaction is expected to complete by mid-2020. As a consequence this operation has been classified as asset held for sale and presented accordingly in the consolidated financial statements.

5. Changes in accounting standards

New and amended standards and interpretations
In 2019, the Group adopted the following new or amended standards and interpretations for the first time:

- IFRS 16 – *Leases* (effective for annual periods beginning on or after 1 January 2019).
- IFRIC 23 – *Uncertainty over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IFRS 9 – *Prepayment Features with Negative Compensation* (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 28 – *Long-term Interests in Associates and Joint Ventures* (effective for annual periods beginning on or after 1 January 2019).
- AIP (2015-2017 Cycle): IFRS 3 – *Business Combinations – Previously held Interests in a Joint Operation* (effective for annual periods beginning on or after 1 January 2019).
- AIP (2015-2017 Cycle): IFRS 11 – *Joint Arrangements – Previously held Interests in a Joint Operation* (effective for annual periods beginning on or after 1 January 2019).
- AIP (2015-2017 Cycle): IAS 12 – *Income Taxes – Income tax Consequences of Payments on Financial Instruments classified as equity* (effective for annual periods beginning on or after 1 January 2019).
- AIP (2015-2017 Cycle): IAS 23 – *Borrowing Costs – Borrowing costs Eligible for Capitalisation* (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 19 – *Plan Amendment, Curtailment or Settlement* (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current* (effective for annual periods on or after 1 January 2022).

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 17* – Insurance Contracts (effective for annual periods on or after 1 January 2021);
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods on or after 1 January 2020);
- Amendments to IAS 1 and IAS 8 – Definition of Material (effective for annual periods on or after 1 January 2020);
- Amendments to IFRS 3 – *Definition of a Business* (effective for annual periods on or after 1 January 2020).

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.

Notes to the consolidated financial statements *continued*

6.1 Business combinations and acquisition of non-controlling interests

6.1a Subsidiaries acquired in 2019

There were no new subsidiaries acquired in 2019.

6.1b 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%

6.2 Assets and liabilities recognised at date of acquisition in 2018

The 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 13)	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.

6.3 Cash flow on acquisitions

6.3a There were no businesses acquired during 2019.

6.3b 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.

6.4 Pro forma impact of acquisitions on the results of the Group

6.4a There were no businesses acquired during 2019 with a material impact on sales and operating profit of the Group.

6.4b There were no businesses acquired during 2018 with a material impact on sales and operating profit of the Group.

6.5 Non-controlling interests acquired

6.5a Non-controlling interests acquired in 2019

There were no non-controlling interest acquired during 2019.

6.5b 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 for 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 Ivory Coast SA operations in exchange of an 80% stake in the Petroci retail network.

6.6 Sale of assets and investments

During 2019 the Group disposed activities in Indonesia on 1 July 2019 and Paraguay on 30 September 2019 as reflected by the figures in the below table. In December 2019 the Company announced the sale of its Australian commercial and retail fuels business to Chevron Australia Downstream Pty Ltd. The transaction is expected to complete by mid-2020. The operation has been classified as asset held for sale but the transaction does not have any impact on the disclosure for the sale of assets and investments in 2019.

in US$'000	Notes	Downstream segment
Assets		
Cash and cash equivalents		(2,545)
Inventories		(23,078)
Receivables		(17,954)
Property and equipment	13	(51,542)
Goodwill and intangible assets	14 & 15	(14,911)
Other long-term assets		(434)
Liabilities		
Trade and other payables		27,528
Other current liabilities		3,443
Non-current liabilities		2,003
Total net assets disposed of		**(77,490)**
Accumulated translation gains/(losses)		(35,321)
Sales proceeds		182,922
Gain on disposal		70,111

in US$'000	Downstream segment
Sales proceeds	183,121
Cash and cash equivalents exit	(2,545)
Receivables	(44,077)
Net cash inflow	**136,499**

7. Leases

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied for some leases the exemption to not recognise right-of-use assets and lease liabilities when less than 12 months lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Notes to the consolidated financial statements *continued*

7. Leases *continued*

As a lessee

The Group as lessee has around 2,000 leases of different natures, mostly related to:

- Land: either for service stations, terminals or office buildings.
- Service stations: the lease comprises a mix of land, building and equipment on the site.
- Storage capacity for fuel and bitumen inventory.
- Buildings, mainly office space and shops in service stations.
- Vessels for bitumen transport.

In addition, the Group leases some equipment and machinery, mainly for our terminals, as well as some cars, IT and office equipment.

in US$'000	2019
Amortisation expense of right-of-use assets	(143,780)
Interest expense on lease liabilities	(68,633)
Expense relating to short-term leases	(13,532)
Expense relating to leases of low-value assets	(895)
Variable lease expenses (recognised in cost of goods sold)	(25,248)
Variable lease expenses (recognised in general and administrative expenses)	(722)

Variable payments

It is frequent to have variable payments for terminal leases based in volume of the terminal used (throughput), as well as a variable lease payments for service stations leases based on volumes sold. These are considered as variable payments and recognised in the income statement under cost of goods sold. The amount of lease variable expense recognised in the statement of profit or loss as cost of goods sold is US$25.2 million. There are other variable leases payments, mainly for offices, that are recognised in general and administrative expenses for $0.7 million.

Short-term leases and low-value assets

The Group applies the short-term lease recognition exemption to leases of machinery, vehicles, vessels and IT and office equipment whenever they have a lease term of 12 months or less. It also applies the low-value recognition exemption to leases of any nature that are considered low-value: leased assets below US$5,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The amount of lease expense recognised in the statement of profit or loss under short-term recognition exemption is US$13.5 million, and the amount of lease expense under low-value recognition exemption is US$0.9 million.

As a lessor

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. As lessor we continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

in US$'000	2019
Operating lease income	121,153
Thereof sublease income	18,286

The Group does not have any material financial leases. Concerning operational leases, the Group leases or subleases out to third and related parties some of its owned terminals' capacity, jetty rights, services stations and office space. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

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7.1 Impact of IFRS 16 implementation on the balance sheet

in US$'000	Notes	2019
Non-current assets		
Right-of-use – Land		204,737
Right-of-use – Buildings		30,961
Right-of-use – Service stations		178,130
Right-of-use – Storage facilities		75,413
Right-of-use – Equipment and machinery		19,479
Right-of-use – Vehicles		2,313
Right-of-use – Vessels		171,140
Right-of-use – Equipment and IT material		84
Right-of-use – Total	15	682,257
Investments in associates	9	114
Deferred tax assets		2,074
Lease prepayments		(35,859)
Other assets	19	(35,859)
Total non-current assets		**648,586**
Current assets		
Prepaid lease receivables		(9,686)
Other assets	19	(9,686)
Total current assets		**(9,686)**
Total assets		**638,900**
Retained earnings		(32,052)
Foreign currency translation reserve		2,522
Equity attributable to owners of the parent		**(29,530)**
Non-controlling interests		(1,780)
Total equity		**(31,310)**
Liabilities		
Non-current liabilities		
Finance lease		(393)
Interest-bearing loans and borrowings	23	(393)
Lease liabilities	24	591,190
Total non-current liabilities		**590,797**
Current liabilities		
Other payables and accrued liabilities		(462)
Trade and other payables	27	(462)
Finance lease		(15)
Interest-bearing loans and borrowings	23	(15)
Lease liabilities	24	79,890
Total current liabilities		**79,413**
Total liabilities		**670,210**
Total equity and liabilities		**638,900**

Notes to the consolidated financial statements *continued*

7. Leases *continued*
7.2 Impact of IFRS 16 implementation on the income statement

in US$'000	2019
Continuing operations	
Purchase of product – third parties	2,392
Purchase of product – related parties	43,689
Cost of sales	46,081
Gross profit	**46,081**
Rental expense	77,886
Own/chartered trucks and vessels	2,737
Amortisation right-of-use assets	(104,709)
Impairment assets right-of-use	(2,294)
Selling and operating costs	(26,380)
Rental expense	5,115
General and administrative expenses	5,115
Other operating expenses	274
Share of net profits in associates and joint ventures	90
Operating profit	**25,180**
Lease liability interest expense	(51,238)
Finance costs	(51,238)
Unrealised foreign exchange differences right-of-use lease liabilities and sublease	(9,254)
Foreign exchange differences due to lease payments	2
Net foreign exchange losses	(9,252)
Profit before tax	**(35,310)**
Income tax	2,181
Profit/(loss) after tax from discontinued operations	(5,397)
Profit for the period	**(38,526)**

Attributable to:	
Owners of the parent	(37,110)
Non-controlling interests	(1,416)

8. Segment and geographic information
8.1 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 on an arm's length basis in a manner similar to transactions with third parties.

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Year ended 31 December 2019

in US$'000	Downstream	Midstream	Consolidated
Revenue from contracts with customers	14,295,347	302,484	14,597,831
Gross profit	**1,078,847**	**185,963**	1,264,810
Selling and operating costs(i)	(1,259,661)	(222,317)	(1,481,978)
General and administrative expenses	(154,309)	(12,282)	(166,591)
Other operating income/(expenses), net	28,448	21,010	49,458
Share of net profits of associates	5,067	1,764	6,831
Operating loss	**(301,608)**	**(25,862)**	(327,470)
Finance income			30,286
Finance costs			(323,176)
Net foreign exchange losses			9,946
Loss before tax from continuing operations			**(610,414)**
Total non-current assets (excluding other financial, deferred tax and other assets)	3,100,987	635,556	3,736,543
Total current assets	2,501,543	147,643	2,649,186
Total current liabilities	3,029,135	70,960	3,100,095

(i) Selling and operating costs include:
– Depreciation and amortisation of US$284.9 million thereof US$234.4 million on the Downstream and US$50.5 million on the Midstream segment.
– Impairment charge of US$656.9 million thereof US$559.4 million on the Downstream and US$97.5 million on the Midstream segment.

Year ended 31 December 2018 – Restated

in US$'000	Downstream	Midstream	Consolidated
Revenue from contracts with customers	14,796,832	542,561	15,339,393
Gross profit	**1,115,077**	**164,816**	**1,279,893**
Selling and operating costs(ii)	(808,814)	(122,741)	(931,555)
General and administrative expenses	(184,523)	(11,791)	(196,314)
Other operating income/(expenses), net	(580)	3,517	2,937
Share of net profits of associates	3,159	2,760	5,919
Operating profit	**124,319**	**36,561**	**160,880**
Finance income			136,912
Finance costs			(232,394)
Net foreign exchange losses			9,874
Profit before tax			**75,272**
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

(ii) Selling and operating costs include:
– Depreciation and amortisation of US$303.7 million thereof US$253.9 million on the Downstream and US$49.8 million on the Midstream segment.
– Impairment charge of US$85.7 million, entirely 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.

Notes to the consolidated financial statements *continued*

8. Segment and geographic information *continued*

8.2 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)

in K m³ (unaudited)	2019 Downstream	2019 Midstream	2018 Downstream	2018 Midstream
Throughput volumes (Midstream)				
Americas	–	662	–	612
Asia-Pacific	–	4,245	–	3,595
Africa	–	3,453	–	3,294
Europe	–	5,835	–	5,934
Total	**–**	**14,195**	**–**	**13,435**
Sales volumes (Downstream and Midstream)				
Americas	9,221	–	9,155	–
Asia-Pacific	3,203	140	2,784	616
Africa	7,371	–	6,967	–
Europe	2,506	–	2,649	–
Total	**22,301**	**140**	**21,555**	**616**

Year ended 31 December 2019

in US$'000	Americas	Asia-Pacific	Africa	Europe	Consolidated
Revenue from contracts with customers	4,966,034	2,030,601	5,268,255	2,332,941	14,597,831
Gross profit	**485,021**	**243,060**	**453,182**	**83,547**	**1,264,810**
Selling and operating costs	(321,961)	(584,097)	(456,811)	(119,109)	(1,481,978)
General and administrative expenses	(41,762)	(28,221)	(89,068)	(7,540)	(166,591)
Other operating income/(expenses), net	71,606	(8,423)	(20,172)	6,447	49,458
Share of net profits of associates	973	488	6,287	(917)	6,831
Operating profit/(loss)	**193,877**	**(377,193)**	**(106,582)**	**(37,572)**	**(327,470)**
Total non-current assets (excluding other financial, deferred tax and other assets)	1,163,984	942,766	1,321,512	308,279	3,736,541

Year ended 31 December 2018 – restated

in US$'000	Americas	Asia-Pacific	Africa	Europe	Consolidated
Revenue from contracts with customers	5,491,927	2,215,630	5,208,590	2,423,246	15,339,393
Gross profit	**488,568**	**245,821**	**457,655**	**87,849**	**1,279,893**
Selling and operating costs	(283,295)	(250,171)	(311,813)	(86,276)	(931,555)
General and administrative expenses	(42,671)	(46,247)	(99,199)	(8,197)	(196,314)
Other operating income/(expenses), net	7,567	7,523	(11,347)	(806)	2,937
Share of net profits of associates	1,371	2,048	2,256	244	5,919
Operating profit/(loss)	**171,540**	**(41,026)**	**37,552**	**(7,186)**	**160,880**
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

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 9, 13 and 14).

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9. Investments in associates

The following table summarises the Group's investments in associates for the years ended 31 December 2019 and 2018. None of the entities included below is listed on any public exchange.

9.1 List of investments

Associate name	Activity	Location	Proportion of voting interests held at 31 December 2019 %	2018 %
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
Oil Malal SA	Storage	Chile	33	33
Sakunda Petroleum (Pvt) Ltd	Fuel marketing	Zimbabwe	49	49
Fuel Distributors of Western Australia Pty Ltd(i)	Fuel supply and cartage	Australia	50	50
Bitumen Storage Services (WA) Pty Ltd (Australia)	Storage	Australia	50	50
RAM Petroleum (Pvt) Ltd	Fuel supply	Zimbabwe	48	48
High Heat Tankers Pte. Ltd.	Shipping of high heat liquid products	Singapore	50	50

(i) Considered as part of discontinued operations

9.2 Associates summarised financial information

The following table illustrates summarised financial information of the Group's investments in associates:

in US$'000	2019	2018
Associates' assets and liabilities		
Current assets	102,988	106,869
Non-current assets	85,176	97,746
Current liabilities	(82,083)	(62,963)
Non-current liabilities	(35,733)	(54,991)
Equity	**70,348**	**86,661**
Total carrying amount of the investments	**37,634**	**39,932**
Less: discontinued operations	9,991	–
Carrying amount of the investments	**27,643**	**39,932**
Associates' revenues and net profits:		
Revenues	428,110	475,216
Profits net of tax	1,366	17,167
Total Group's share of net profits of associates	**7,132**	**6,166**
Less: discontinued operations	301	247
Group's share of net profits of associates	**6,831**	**5,919**

10. Consolidated statement of income

10.1 Net sales

in US$'000	2019	2018 restated
Net sales of goods(i)	16,742,934	17,479,964
Rendering of services	447,974	440,923
Total revenue from contracts with customers	**17,190,908**	**17,920,887**
Less: discontinued operations	2,593,077	2,581,494
Revenue from contracts with customers from continuing operations	**14,597,831**	**15,339,393**

(i) Sales of goods are net of any sales taxes, value-added taxes, petroleum taxes and discounts.

Notes to the consolidated financial statements *continued*

10. Consolidated statement of income *continued*

10.2 Selling and operating costs

in US$'000	2019	2018 restated
Employee benefit expenses	(189,869)	(193,466)
Operating expenses	(343,628)	(491,245)
Depreciation (Note 13)	(291,334)	(317,508)
Amortisation (Note 14)	(33,128)	(36,213)
Amortisation of lease right-of-use	(143,780)	–
Impairment (Notes 13/14)(i)	(656,906)	(85,736)
Impairment assets right-of-use	**(2,294)**	**–**
Total selling and operating costs	**(1,660,939)**	**(1,124,168)**
Less: discontinued operations	(178,961)	(192,613)
Selling and operating costs from continuing operations	**(1,481,978)**	**(931,555)**

(i) The line impairment includes the write-down of various tangible and intangible assets in the Downstream segment following the yearly impairment testing process (Note 16).

10.3 General and administrative expenses

in US$'000	2019	2018 restated
Employee benefit expenses	(109,897)	(112,646)
Operating expenses	(67,355)	(98,508)
Total general and administrative expenses	**(177,252)**	**(211,154)**
Less: discontinued operations	(10,661)	(14,840)
General and administrative expenses from continuing operations	**(166,591)**	**(196,314)**

10.4 Other operating income/(expenses)

in US$'000	2019	2018 restated
Gains on disposal of operating assets	9,148	1,815
Gains on disposal of investments(i)	70,111	9
Foreign exchange gains on operations	2,921	–
Other non-operating income(ii)	–	7,188
Total other operating income	**82,180**	**9,012**
Less: discontinued operations	1,056	(66)
Other operating income from continuing operations	**81,124**	**9,078**

(i) Mainly driven by the disposal of Paraguay and Indonesia for US$71.6 million.
(ii) Includes gain and loss on disposal of non-operating assets.

in US$'000	2019	2018 restated
Provision for doubtful accounts	(9,737)	(2,551)
Movements in other provisions	(22,541)	(8,641)
Foreign exchange losses on operations	–	(6,087)
Other non-operating expenses(i)	(8,791)	–
Total other operating expenses	**(41,069)**	**(17,279)**
Less: discontinued operations	(9,403)	(11,138)
Other operating expenses from continuing operations	**(31,666)**	**(6,141)**

(i) Includes the value of the US$(10.3) million write-off of insurance receivable in Puerto Rico.

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10.5 Finance income

in US$'000	2019	2018 restated
Interest income on other loans and finance lease receivables	26,607	22,784
Gain on hyperinflation	–	83,988
Dividend income	3,769	3,730
Gain on bond exchange/modification of private placement	–	13,803
Gain on financial instruments at FVTPL	–	12,698
Total finance income	**30,376**	**137,003**
Less: discontinued operations	90	91
Finance income from continuing operations	**30,286**	**136,912**

10.6 Finance costs

in US$'000	2019	2018 restated
Interest on loans and borrowings from third parties	(224,668)	(240,776)
Interest on loans and borrowings from related parties	(13,081)	(523)
Interest on lease liability	(68,634)	–
Loss on hyperinflation(i)	(10,602)	–
Unwinding of discount	(1,059)	(1,354)
Other financial costs	(28,433)	(5,828)
Total finance costs	**(346,477)**	**(248,481)**
Less: discontinued operations	(23,301)	(16,087)
Finance costs from continuing operations	**(323,176)**	**(232,394)**

(i) The amount is a net between a loss in Zimbabwe and a gain in Angola.

10.7 Net foreign exchange gains/(losses)

in US$'000	2019	2018 restated
Financial foreign exchange gains/(losses)	(25)	(16,401)
Net gain/(loss) on foreign exchange derivatives	9,954	26,095
Net foreign exchange gains/(losses)	**9,929**	**9,694**
Less: discontinued operations	(17)	(180)
Net foreign exchange gains/(losses) from continuing operations	**9,946**	**9,874**

11. Income tax

11.1 Current income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 were:

in US$'000	2019	2018 restated
Current income tax		
Current income tax charge	63,831	49,015
Adjustments in respect of current income tax of previous year	1,761	3,203
Current income tax	**65,592**	**52,218**
Deferred tax		
Relating to origination and reversal of temporary differences	615	4,148
Withholding tax		
Applicable withholding tax in the current year	11,220	4,213
Income tax expense reported in the consolidated statement of income	**77,427**	**60,579**

11.2 Income tax recognised directly in other comprehensive income

Income tax totalling US$(0.4) million (2018: US$(0.3) 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.

Notes to the consolidated financial statements *continued*

11. Income tax *continued*

11.3 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 2019 (2018: 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 2019 and 2018 was as follows:

in US$'000	2019	2018 restated
Accounting (loss)/profit before Income tax	**(610,414)**	**75,272**
Share of net profits in associates	6,831	5,919
Accounting (loss)/profit before tax net of share of net profits in associates	**(617,245)**	**69,353**
Income tax (expense)/benefit at expected statutory rate	44,164	(46,337)
Permanent differences		
Non-deductible expenses	(27,556)	(30,536)
Other non-taxable income	2,896	3,850
Capital gains or losses	38	8
Income exempt or subject to specific tax holidays	1,872	6,423
Other permanent differences	(20,048)	(8,687)
Adjustment for countries not based on net taxable income	351	27,462
Adjustments recognised in the current year in relation to current income tax of previous years	(1,779)	(3,203)
Adjustments recognised in the current year in relation to deferred income tax of previous years	(362)	5,305
Impact of rate differences on deferred tax items	(622)	(1,728)
Effect of unrecognised and unused tax losses not recognised as deferred tax assets	(56,048)	(3,752)
Withholding tax	(11,220)	(4,213)
Minimum tax and surtax	(5,449)	(3,465)
Rate difference impacts	1,569	(327)
Other adjustments	(5,233)	(1,379)
At the effective income tax rate of -13% (2018: 252%)	**(77,427)**	**(60,579)**

(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 2019 it was -19.37%, excluding Australia discontinued operations the ETR is -13% (2018: 252.25%). 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.

11.4 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 income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. Current tax assets mainly relate to overpaid tax. Current tax liabilities relate to income tax payable.

11.5 Deferred tax assets and liabilities

	Consolidated statement of financial position		Consolidated statement of income	
in US$'000	2019	2018	2019	2018
Accelerated depreciation for tax purposes	(12,496)	(25,922)	(11,797)	(400)
Revaluations	(27,078)	(30,682)	(3,180)	(4,795)
Losses	98,206	126,470	(29,492)	(27,370)
Other temporary differences	(57,245)	(14,768)	96,131	25,884
Deferred tax expense/(income)			**51,662**	**(6,681)**
Deferred tax assets/(liabilities), net	**1,387**	**55,098**		
Reflected in the consolidated statement of financial position as follows:				
Deferred tax assets	52,384	109,940		
Deferred tax liabilities	(50,997)	(54,842)		
Deferred tax assets/(liabilities), net	**1,387**	**55,098**		

Reconciliation of net deferred tax assets/(liabilities)

in US$'000	2019	2018
Opening balance at 1 January	3,414	51,491
Tax income recognised in profit or loss during the year	(616)	6,717
Change in tax rate recognised in profit or loss during the year	–	481
Other movements during the year	(1,411)	(3,591)
Closing balance at 31 December	**1,387**	**55,098**

At 31 December 2019, the Group had unrecognised tax loss carry forwards amounting to US$516.7 million excluding the impact of Australia discontinued operations (2018: US$240.8 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 2019, the Group had unrecognised other temporary differences amounting to US$2.7 million (2018: US$0.9 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$69.1 million (2018: US$56.9 million).

11.6 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.

12. Discontinued operations

In December 2019 the Company announced the sale of its Australian commercial and retail fuels business. The operation is part of the Downstream segment and the Asia-Pacific region of the Group. The transaction is expected to complete by mid-2020. The operation has been classified as a disposal group held for sale.

12.1 Statement of income from discontinued operations

in US$'000	2019	2018
Revenue from contracts with customers	2,593,077	2,581,494
Cost of sales	(2,425,077)	(2,401,831)
Gross profit	**168,000**	**179,663**
Selling and operating costs	(178,961)	(192,613)
General and administrative expenses	(10,661)	(14,840)
Other operating income	1,056	(66)
Other operating expenses	(9,403)	(11,138)
Share of net profits and losses of associates	**301**	**247**
Operating profit	**(29,668)**	**(38,747)**
Finance income	90	91
Finance costs	(23,301)	(16,087)
Net foreign exchange gains/(losses)	(17)	(180)
Loss before tax	**(52,896)**	**(54,923)**
Income tax expense	(51,046)	9,248
Loss for the year from discontinued operations	**(103,942)**	**(45,675)**
Attributable to:		
Owners of the parent	(103,942)	(45,675)
Non-controlling interests		

Notes to the consolidated financial statements *continued*

12. Discontinued operations *continued*

12.2 Impact of IFRS 16 implementation on the income statement from discontinued operations

in US$'000	2019
Gross profit	**–**
Rental expense	45,049
Amortisation right-of-use assets	(39,071)
Impairment charge/(reversal)	3,616
Selling and operating costs	9,594
Rental expense	2,391
General and administrative expenses	2,391
Other operating expenses	13
Operating profit	**11,998**
Lease liability interest expense	(17,395)
Finance costs	(17,395)
Profit before tax	**(5,397)**
Income tax	–
Profit for the period	**(5,397)**

12.3 Net sales from discontinued operations

in US$'000	2019	2018
Net sales of goods(i)	2,428,298	2,438,664
Rendering of services	164,779	142,830
Revenue from contracts with customers	**2,593,077**	**2,581,494**

(i) Sales of goods are net of any sales taxes, value-added taxes, petroleum taxes and discounts.

12.4 Selling and operating costs from discontinued operations

in US$'000	2019	2018
Employee benefit expenses	(53,354)	(44,612)
Operating expenses	(46,953)	(97,261)
Depreciation (Note 13)	(35,710)	(39,633)
Amortisation (Note 14)	(3,873)	(10,351)
Amortisation of lease right-of-use	(39,071)	–
Impairment (Notes 13/14)	–	(756)
Selling and operating costs	**(178,961)**	**(192,613)**

12.5 General and administrative expenses from discontinued operations

in US$'000	2019	2018
Employee benefit expenses	(6,684)	(10,075)
Operating expenses	(3,977)	(4,765)
General and administrative expenses	**(10,661)**	**(14,840)**

12.6 Other operating income/(expenses) from discontinued operations

in US$'000	2019	2018
Gains/(losses) on disposal of assets	971	(66)
Foreign exchange gains on operations	85	–
Other operating income	**1,056**	**(66)**

in US$'000	2019	2018
Provision for doubtful accounts	(5,113)	(540)
Movements in other provisions	(958)	(2,621)
Foreign exchange losses on operations	–	(195)
Other non-operating expenses(i)	(3,332)	(7,782)
Other operating expenses	**(9,403)**	**(11,138)**

12.7 Finance income from discontinued operations

in US$'000	2019	2018
Interest income on other loans and finance lease receivables	90	91
Finance income	**90**	**91**

12.8 Finance costs from discontinued operations

in US$'000	2019	2018
Interest on loans and borrowings from third parties	(2,283)	(2,777)
Interest on loans and borrowings from related parties	(3,622)	(13,234)
Lease financial costs	(17,396)	–
Unwinding of discount	–	(76)
Finance costs from continuing operations	**(23,301)**	**(16,087)**

12.9 Statement of financial position from discontinued operations

in US$'000	2019
Assets	
Non-current assets	
Property and equipment	216,383
Intangible assets and goodwill	63,036
Right-of-use (IFRS 16)	418,890
Investments in associates	9,992
Other financial assets	–
Deferred tax assets	3,085
Other assets	218
Total non-current assets	**711,604**
Current assets	
Inventories	65,835
Other assets	5,389
Income tax receivable	–
Trade receivables	74,791
Other financial assets	–
Cash and cash equivalents	2,496
Total current assets	**148,511**
Total assets held for sale	**860,115**
Non-current liabilities	
Interest-bearing loans and borrowings	–
Lease liabilities	401,168
Retirement benefit obligations	–
Other financial liabilities	294
Deferred tax liabilities	3,085
Provisions	2,192
Total non-current liabilities	**406,739**
Current liabilities	
Trade and other payables	86,418
Interest-bearing loans and borrowings	69
Lease liabilities	29,274
Other financial liabilities	–
Income tax payable	–
Provisions	3,853
Total current liabilities	**119,614**
Total liabilities	**526,353**
Net assets associated with the disposal group	**333,762**

Statement of cash flows from discontinued operations

in US$'000	2019
Net cash flows from operating activities	**38,261**
Net cash flows used in investing activities	**(35,587)**
Net cash flows from financing activities	**(3,337)**
Net decrease in cash and cash equivalents	(663)
Effects of exchange rate differences	(444)
Cash and cash equivalents at 1 January 2019	3,603
Cash and cash equivalents at 31 December 2019 under discontinued operations	2,496

Notes to the consolidated financial statements *continued*

13. 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 2018	**1,472,231**	**3,435,271**	**182,880**	**99,386**	**158,077**	**5,347,845**
Additions[i]	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[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**
Additions[i]	7,164	47,386	6,937	4,278	72,052	137,817
Sale of interest in subsidiary	(40,232)	(56,679)	(1,814)	(2,892)	(1,690)	(103,307)
Disposals	(21,964)	(12,259)	(11,669)	(1,448)	1,256	(46,084)
Write-offs	(1,284)	(1,739)	(77)	(366)	–	(3,466)
Reclassifications	22,803	48,681	2,043	5,851	(86,095)	(6,717)
Exchange adjustment, other[i]	(105,324)	(192,867)	(2,764)	(2,808)	(3,844)	(307,607)
Total costs at 31 December 2019	**1,206,519**	**3,057,512**	**166,591**	**98,774**	**93,010**	**4,622,406**
Less: assets held for sale	(71,462)	(222,089)	(57,526)	(19,641)	(896)	(371,614)
Cost at 31 December 2019 for continuing operations	**1,135,058**	**2,835,423**	**109,065**	**79,133**	**92,114**	**4,250,793**
Depreciation and impairment						
At 1 January 2018	**(438,585)**	**(1,161,324)**	**(76,957)**	**(56,555)**	**–**	**(1,733,421)**
Depreciation (Note 10.2)	(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 10.2)	(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)**
Depreciation (Note 10.2)	(46,548)	(210,530)	(20,254)	(14,002)	–	(291,334)
Sale of interest in subsidiary	11,633	36,462	1,214	2,456	–	51,765
Disposals	3,608	4,198	8,660	1,416	–	17,882
Impairment (Note 10.2)	(33,996)	(75,787)	(869)	(3,827)	–	(114,479)
Write-offs	791	1,739	77	366	–	2,973
Reclassifications	(4,149)	1,488	2,814	(952)	–	(799)
Exchange adjustment, other[i]	49,484	86,905	1,522	3,099	526	141,536
Total depreciation and impairment at 31 December 2019	**(418,336)**	**(1,400,796)**	**(89,803)**	**(76,571)**	**–**	**(1,985,506)**
Less: assets held for sale	21,483	90,652	28,749	14,348	–	155,232
Depreciation and impairment at 31 December 2019 for continuing operations	**(396,853)**	**(1,310,144)**	**(61,054)**	**(62,223)**	**–**	**(1,830,274)**
Net book value for continuing operations						
At 31 December 2019	738,205	1,525,279	48,011	16,910	92,114	2,420,519
At 31 December 2018	946,197	1,979,718	90,968	31,032	110,805	3,158,720

(i) Includes the impact from hyperinflation adjustment in Angola and Zimbabwe, for a net amount of US$8.7 million (2018: US$74.2 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$53 million (2018: US$52 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.

14. Intangible assets and goodwill

in US$'000	Goodwill	Licences	Other intangibles	Total
Cost or valuation				
At 1 January 2018	**1,076,413**	**91,161**	**475,161**	**1,642,735**
Acquisitions/disposals of subsidiaries (Note 6.2)	1,842	–	–	1,842
Additions	–	11,884	4,883	16,767
Sale of interest in subsidiary	(5,411)	(117)	(2,343)	(7,871)
Disposals	–	(677)	(2,100)	(2,777)
Exchange adjustment[i]	(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**
Additions	–	5,852	2,390	8,242
Sale of interest in subsidiary (Note 6.6)	(9,229)	(389)	(33,341)	(42,959)
Disposals	–	(387)	(2,042)	(2,429)
Exchange adjustment, other[i]	(3,108)	(628)	(24,393)	(28,129)
Reclassifications	–	431	2,950	3,381
Total cost or valuation at 31 December 2019	**985,017**	**104,810**	**365,631**	**1,455,458**
Less: assets held for sale	(49,419)	(14,181)	(46,971)	(110,571)
Cost or valuation at 31 December 2019 for continuing operations	**935,598**	**90,629**	**318,660**	**1,344,887**
Amortisation and impairment				
At 1 January 2018	**(25,988)**	**(51,434)**	**(111,453)**	**(188,875)**
Amortisation charge for the year (Note 10.2)	–	(10,685)	(25,528)	(36,213)
Impairment (Note 10.2)	(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[i]	–	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)**
Amortisation charge for the year (Note 10.2)	–	(14,752)	(18,376)	(33,128)
Impairment (Note 10.2)	(542,336)	(41)	(50)	(542,427)
Sale of interest in subsidiary (Note 6.6)	9,228	326	21,525	31,079
Disposals	–	386	165	551
Exchange adjustment, other[i]	(2,787)	650	4,108	1,971
Total amortisation and impairment at 31 December 2019	**(602,997)**	**(70,476)**	**(112,825)**	**(786,298)**
Less: assets held for sale	–	13,740	33,795	47,535
Amortisation and impairment at 31 December 2019 for continuing operations	**(602,997)**	**(56,736)**	**(79,030)**	**(738,763)**
Net book value:				
At 31 December 2019	**332,601**	**33,893**	**239,630**	**606,124**
At 31 December 2018	930,252	42,886	299,870	1,273,008

(i) Includes the impact from hyperinflation adjustment in Angola and Zimbabwe, for a net amount of US$(0.4) million (2018: US$8.6 million).

Notes to the consolidated financial statements *continued*

15. Right-of-use

in US$'000	Land	Buildings	Service stations	Storage facilities	Equipment and machinery	Vehicles	Vessels	Equipment and IT material	Total
Cost									
At 1 January 2018	–	–	–	–	–	–	–	–	–
At 31 December 2018	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Additions	260,562	260,211	404,341	93,957	21,330	3,497	207,104	156	1,251,158
Decrease	(5)	(3)	(18)	–	–	–	–	–	(26)
Write-off	(370)	(611)	(981)	(9)	–	(195)	–	–	(2,166)
Reclassification	633	–	–	–	–	–	–	–	633
Sale of interest in subsidiaries	(3,104)	–	(68)	(541)	–	–	–	–	(3,713)
Exchange adjustment, other	(5,121)	1,255	450	1,788	117	26	–	(1)	(1,486)
Total cost at 31 December 2019	**252,595**	**260,852**	**403,724**	**95,195**	**21,447**	**3,328**	**207,104**	**155**	**1,244,400**
Assets held for sale	(26,467)	(222,266)	(200,416)	(8,949)	(58)	–	–	–	(458,156)
Cost at 31 December 2019 for continuing operations	**226,128**	**38,586**	**203,308**	**86,246**	**21,389**	**3,328**	**207,104**	**155**	**786,244**

in US$'000	Land	Buildings	Service stations	Storage facilities	Equipment and machinery	Vehicles	Vessels	Equipment and IT material	Total
Amortisation and impairment									
At 1 January 2018	–	–	–	–	–	–	–	–	–
At 31 December 2018	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Amortisation	(22,607)	(25,095)	(46,293)	(11,071)	(1,477)	(1,202)	(35,964)	(71)	(143,780)
Impairment	(1,499)	(149)	–	(235)	(411)	–	–	–	(2,294)
Write-off	371	611	981	8	–	195	–	–	2,166
Sale of interest in subsidiaries	349	–	7	324	–	–	–	–	680
Exchange adjustment, other	282	(77)	4	(199)	(28)	(8)	–	–	(26)
Total amortisation and impairment at 31 December 2019	**(23,104)**	**(24,710)**	**(45,301)**	**(11,173)**	**(1,916)**	**(1,015)**	**(35,964)**	**(71)**	**(143,254)**
Assets held for sale	1,712	17,086	20,122	340	7	–	–	–	39,267
Amortisation and impairment at 31 December 2019 for continuing operations	**(21,392)**	**(7,624)**	**(25,179)**	**(10,833)**	**(1,909)**	**(1,015)**	**(35,964)**	**(71)**	**(103,987)**
At 31 December 2019	**204,736**	**30,962**	**178,129**	**75,413**	**19,480**	**2,313**	**171,140**	**84**	**682,257**
At 31 December 2018	–	–	–	–	–	–	–	–	–

16. 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	2019	2018
Midstream unit	41,084	41,170
Downstream unit(i)	340,936	889,082
Total carrying amount of goodwill	**382,020**	**930,252**
Less: discontinued operations	49,419	–
Carrying amount of goodwill in continuing operations	**332,601**	**930,252**

(i) During the year, the Group took an impairment of US$542.3 million on goodwill mainly on operations in Australia, (2018: US$41.1 million on goodwill, related to operations in Nigeria and Pakistan).

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 post-tax discount rate of 8.66% per annum (2018: 8.27%). 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 (2018: 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 except for the Australia commercial and retail fuels business CGU. This method uses cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period, and an average post-tax discount rate of 8.92% per annum (2018: 8.26%). 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 (2018: 2.0%).

In the case of the Australian commercial and retail fuels business CGU, classified as held for sale, the recoverable amount has been defined as the fair value less costs to sell, as this amount is lower than the carrying amount. Consequently, we have recognised an impairment loss as per IFRS 5.20 on the difference between the fair value less costs to sell (calculated as per our sale agreement with the buyer and costs to sale estimations) and the carrying amount we had at the reporting date. The impairment was fully applied to goodwill for US$412.1 million.

16.1 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 operate.

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.

16.2 Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the midstream and downstream units, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

A reduction by 10% of the cash flows from the current level expected or an increase of the WACC by 2% in the impairment testing would lead to a discounted cash flow level below net book value in Colombia, Ghana, Puerto Rico and South Africa. For the CGUs in the other countries such a reduction in cash flows would not trigger a need for impairment.

17. Inventories

in US$'000	2019	2018
Petroleum inventories at fair value(i)	468,506	204,770
Petroleum product inventories at lower of cost and net realisable value, net	545,246	689,696
Merchandise inventories, net	8,423	15,196
Total inventories, net	**1,022,175**	**909,662**

(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 2019 amounted to US$13,134 million (2018: US$16,135 million). Out of the total net inventories held US$22.2 million have been pledged at 31 December 2019 (2018: US$130.6 million).

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18. Other financial assets

in US$'000	2019	2018
Financial assets carried at fair value through profit or loss(i)	47,732	106,972
Finance lease receivable(ii)	2,652	3,255
Loans to other entities(iii)	52,658	43,057
Financial assets (equity) at fair value through OCI(iv)	16,287	18,933
Other financial assets(v)	1,713	5,440
Total other financial assets	**121,042**	**177,657**
Of which due from related parties (Note 28)	34,124	23,794
Current	31,587	89,018
Non-current	89,455	88,639
	121,042	**177,657**

(i) All held for trading derivatives are swaps and commodity futures. Besides trading derivatives the account also includes a bond held in Angola and an equity instrument in Senegal.
(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 however they are subject to loss provisions in line with IFRS 9.
(iv) Includes the investment in APN Retail Property Fund in Australia.
(v) Includes the investment in a storage company and debt securities.

19. Other assets

in US$'000	2019	2018
Prepayments, deposits and guarantees(i)	88,666	152,363
Other tax receivables(ii)	236,951	269,694
Other receivables	117,190	85,956
Total other assets	**442,807**	**508,013**
Of which due from related parties (Note 28)	56,534	7,278
Current	341,684	386,294
Non-current	101,123	121,719
	442,807	**508,013**

(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.

20. Trade receivables

Trade and other accounts receivable include the short-term portion of trade accounts receivable and related accounts.

in US$'000	2019	2018
Trade receivables	**619,724**	**834,252**
Of which due from related parties (Note 28)	149,118	267,031

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 12.4 days (2018: 12.3 days).

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 30.3 for further guidance).

The movement in the allowance for doubtful debts was as follows:

in US$'000	2019	2018
Balance at the beginning of the year	(18,864)	(15,212)
Impairment losses recognised on receivables(i)	(2,439)	(9,226)
Amounts written off during the year as uncollectible	920	(394)
Amounts recovered during the year	514	3,774
Disposal of subsidiary	(635)	538
Foreign exchange translation gains and (losses), other	128	1,341
Balance at end of the year	**(20,376)**	**(19,179)**

(i) Includes additional provision of US$1.1 million (2018: 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 at 31 December, in line with IFRS 9:

			Days past due			
At 31 December 2019 – 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	**485,058**	375,615	81,631	6,810	9,887	11,115
Expected credit loss	**(11,241)**	**–**	**–**	**–**	**(3,460)**	**(7,781)**

			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)**

(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
2019	**470,516**	390,236	65,659	14,621	–	–
2018	**567,221**	482,164	78,595	4,946	1,516	–

20.1 Receivables sold without recourse

At 31 December 2019, trade receivables of US$283.7 million (2018: US$297.1 million), related to the United Kingdom, Australia, Guatemala and our aviation operations had been sold without recourse.

21. Cash and cash equivalents

in US$'000	2019	2018
Cash at banks and on hand	388,108	441,721
Restricted cash	5,418	5,803
Short-term deposits	225,497	196,972
Cash and short-term deposits	**619,023**	**644,496**

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.

22. Capital and reserves

Shares	2019	2018
Registered share capital(i)		
107,198,551 ordinary shares	356,869	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	**2,060,035**	**2,054,166**

(i) At 31 December 2019, the Group had 107,198,555 shares issued.

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23. Interest-bearing loans and borrowings

in US$'000	2019	2018
Unsecured – at amortised cost		
Senior notes(i)	1,576,168	1,605,497
Bank overdrafts	98,783	167,705
Obligations under finance leases	52	478
Accrued interest	37,324	39,280
Unsecured bank loans(ii)	1,272,949	1,431,472
Related parties	16,155	1,192
	3,001,431	3,245,624
Secured – at amortised cost		
Secured bank loans(ii)(iii)	8,236	39,711
	8,236	39,711
Total Interest-bearing loans and borrowings	**3,009,667**	**3,285,335**
Of which due to related parties (Note 28)	16,630	1,192
Current	284,733	457,032
Non-current	2,724,934	2,828,303
	3,009,667	**3,285,335**

(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 EUR 200 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 6.7% for the year ended 31 December 2019 and 5.6% for the year ended 31 December 2018. 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 2019 was US$156.3 million (2018: US$303 million).

Loan maturity schedule

in US$'000	2019	2018
Not later than one year	284,733	457,032
Later than one year and not later than five years	1,974,934	1,440,166
Later than five years	750,000	1,388,137
Total interest-bearing loans and borrowings	**3,009,667**	**3,285,335**

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 2019 and 2018, 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 8.0% per annum (2018: 8.1% per annum).
The loan will mature on September 2023.

24. Lease liabilities

in US$'000	2019
Lease liabilities – non-current (third parties)	452,532
Lease liabilities – non-current (related parties)	138,656
Lease liabilities – current (third parties)	50,578
Lease liabilities – current (related parties)	29,313
Total lease liabilities	**671,079**
Of which due to related parties (Note 28)	167,969
Current	79,890
Non-current	591,189
	671,079
Lease liability maturity	
Within one year	79,890
After one year, but less than 5 years	311,366
More than 5 years	279,823
	671,079

Reconciling operating lease commitments shown in off balance sheet commitments at 31 December 2018 with lease liabilities opening balance 1 January 2019 as per IFRS 16.

in US$'000	
Operating lease commitments as at 31 December 2018	**754,647**
Weighted average incremental borrowing rate	6.6%
Discounted operating lease commitments as at 1 January 2019	503,678
Less: Commitments relating to short-term and low-value assets	(11,128)
Add: Options (renewals and terminations) not recognised as at 31 December 2018	643,759
Leases liabilities as at 1 January 2019(i)	**1,136,309**

(i) Includes lease liabilities in our discontinued operations

25. Provisions

in US$'000	Employee-related provisions(i)	Provisions for contingencies and expenses(ii)	Provision for remediation(iii)	Total
At 1 January 2019	**9,951**	**26,623**	**21,750**	**58,324**
Arising during the year	804	14,326	807	15,937
Utilised	(37)	(1,813)	–	(1,850)
Unused amounts reversed	(1,216)	–	(47)	(1,263)
Other movements	–	(110)	–	(110)
Foreign exchange translation gains and losses	(43)	(1,058)	580	(521)
Assets held for sale	(3,385)	(2,660)	–	(6,045)
At 31 December 2019	**6,074**	**35,308**	**23,090**	**64,472**
Current	3,714	17,356	360	21,430
Non-current	2,360	17,952	22,730	43,042
	6,074	**35,308**	**23,090**	**64,472**
At 31 December 2018				
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**

(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 El Salvador, Democratic Republic of Congo and Papua New Guinea. They also include the provisions created in the captive insurance company of the Group.
(iii) Remediation provisions mainly relate to the UK business acquired in 2015.

26. Other financial liabilities

in US$'000	2019	2018
Financial liabilities carried at fair value through profit or loss(i)	57,860	10,749
Vendor loan – third parties(ii)	352	30,469
Other liabilities	4,176	9,684
Total other financial liabilities	**62,388**	**50,902**
Of which due to related parties (Note 28)	–	–
Current	57,860	40,799
Non-current	4,528	10,103
	62,388	**50,902**

(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) In 2018 it included a vendor loan granted for capex payables related to the Matola terminal in Mozambique. This has been repaid in 2019.

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Notes to the consolidated financial statements *continued*

27. Trade and other payables

in US$'000	2019	2018
Trade payables	2,263,859	2,204,870
Other payables and accrued liabilities	208,181	211,056
Other liabilities(i)	147,403	182,947
Total trade and other payables	**2,619,443**	**2,598,873**
Of which due to related parties (Note 28)	1,615,267	1,725,799

(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.

28. 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:

		% equity interest in the Group	
Entity name	Country of incorporation	2019	2018
Trafigura PE Holding Limited	Malta	49.42%	49.41%
Sonangol Holdings Lda	Angola	27.99%	27.99%
Cochan Holdings LLC	Marshall Islands	15.48%	15.48%
PE Investments Limited	Malta	5.86%	5.86%
Global PE Investors PLC	Malta	0.22%	0.22%
PE SPV Limited	Malta	0.45%	0.56%
PE ESP LLC	Marshall Islands	0.58%	0.48%

28.1 Related party transactions

Group entities entered into the following transactions with related parties that are not members of the Group:

	Sales and finance income related parties		Purchases, management fees and finance cost related parties	
in US$'000	2019	2018 restated	2019	2018 restated
Trafigura Group	777,589	903,804	(6,979,748)	(8,684,069)
Sonangol Group	2,054	12,029	(370,994)	(584,739)
Others	131,593	208,362	(9,626)	(6,538)
Total	**911,236**	**1,124,195**	**(7,360,368)**	**(9,275,346)**

	Amounts owed by related parties(i)		Amounts owed to related parties(ii)	
in US$'000	2019	2018	2019	2018
Trafigura Group	146,402	240,932	(1,745,668)	(1,647,220)
Sonangol Group	209	3,605	(35,462)	(75,803)
Others	93,165	53,566	(18,736)	(3,968)
Total	**239,776**	**298,103**	**(1,799,866)**	**(1,726,991)**

(i) Includes trade and other receivables, loans to related parties and other assets.
(ii) Includes trade and other payables, lease liabilities, 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$(37.4) million at 31 December 2019 (2018: US$70.9 million).

28.2 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 2019 and 2018. This loan is not secured, and bears interest of 8.0% per annum (2018: 8.1% per annum) and is meant to support the Group in its investment activities.

28.3 Key management personnel compensation

Key management personnel compensation amounted to US$11.7 million in 2019 (2018: US$7.6 million).

29. Commitments and contingencies

Off balance sheet commitments:

in US$'000	2019	2018
Storage and land rental(i)	1,690	754,647
Assets under construction	8,484	5,712
Supply contract	429	–
Other commitments	81,148	46,454
Total	**91,751**	**806,813**

in US$'000	2019	2018
Within one year	90,596	144,181
After one year but not more than five years	251	244,904
More than five years	904	417,728
Total	**91,751**	**806,813**

Contingent liabilities:

in US$'000	2019	2018
Letters of credit(ii)	618,074	504,423
Guarantees(iii)	100,748	58,675
Legal and other claims(iv)	53,410	76,403
Total	**772,232**	**639,501**

(i) The significant reduction versus prior year is related to the implementation of IFRS 16 as lease contracts are now accounted for on the balance sheet.
(ii) 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.
(iii) 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.
(iv) Legal and other claims include 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 13.

30. 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.

It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken as all derivative transactions are entered into for the purpose of managing the Group's physical inventory exposure. 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.

30.1 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.

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Notes to the consolidated financial statements *continued*

30. Financial risk management objectives and policies *continued*

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.

in US$'000	Fair value of derivatives 2019	2018
Commodity futures and swaps	(37,372)	70,909
Currency swaps	(2,295)	5,118
Total	**(39,667)**	**76,027**

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.

in US$'000	Effect on profit before tax for the year ended 2019	2018
+ 1.0 percentage point	(6,626)	(9,224)
– 1.0 percentage point	6,626	9,224

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:

in US$'000	Carrying amount 2019	2018	Fair value 2019	2018
Interest-bearing loans and borrowings[(i)]	3,009,667	3,285,335	2,484,346	2,823,467
Total	**3,009,667**	**3,285,335**	**2,484,346**	**2,823,467**

(i) For the purpose of the above disclosure, fixed rate Interest-bearing loans and borrowing 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 30.7).

30.2 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 monitors 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 2019, the Group had US$1,089 million (2018: US$1,117 million) of undrawn committed borrowing facilities. In addition, the Group had US$500 million of undrawn committed shareholder loans.

9% of the Group's debt will mature in less than one year at 31 December 2019 (2018: 14%) based on the balances reflected in the consolidated financial statements. The maturity profile of the Group's debt is summarised in Note 23 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 2019:				
Interest-bearing loans and borrowings	415,659	2,325,534	768,750	3,509,943
Trade and other payables	2,619,443	–	–	2,619,443
Financial derivatives	57,860	–	–	57,860
Other financial liabilities	–	4,528	–	4,528
Total	**3,092,962**	**2,330,062**	**768,750**	**6,191,774**
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**

30.3 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 20 for an ageing analysis of trade receivables.

30.4 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 53% (2018: 70%) of all purchases made by the Group.

30.5 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.

Notes to the consolidated financial statements *continued*

30. Financial risk management objectives and policies *continued*

30.6 Changes in liabilities arising from financing activities

in US$'000	Financial debt[i]	Finance leases	Vendor loans	Dividends	Total
At 1 January 2018	**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**
Cash flows	(500,726)	(329)	(29,281)	(5,998)	(536,334)
Non-cash movement	(558)	–	–	–	(558)
Acquisitions/Disposals	(1,035)	–	–	–	(1,035)
Interest expense	237,749	–	–	–	237,749
Dividends declared during the year	–	–	–	5,998	5,998
New leases	–	3	–	–	3
FX movements	(10,551)	(11)	(836)	–	(11,398)
Reclassification	–	(89)	–		(89)
Less: discontinued operations	(69)	–	–	–	(69)
At 31 December 2019	**3,009,667**	**52**	**352**	**–**	**3,010,071**

(i) For the purpose of the above disclosure, current and non-current Interest-bearing loans and borrowings have been grouped together.

At 31 December 2019 the balance sheet of the group discloses also US$671.1 million of lease liabilities. These lease liabilities have been taken onto the balance sheet as a result of the IFRS 16 implementation.

30.7 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 2019 and 2018, fall under the Level 2 category described above, and include financial derivatives for a net amount of US$(39.7) million (2018: US$76.0 million) and inventories for US$468.5 million (2018: $204.8 million). There have been no transfers between fair value levels during any of the reporting periods.

31. Events after the reporting period

Sale of stake in Emoil

In February 2020 the Group announced the divestment of its 20% stake in Emoil Petroleum Storage FZCO (United Arab Emirates) to Emaret. The transaction is expected to complete before the end of the first quarter of 2020.

Shareholder restructuring

On 2nd March 2020, Puma Energy Holdings Pte Ltd has agreed to a shareholding restructuring transaction whereby Cochan Holdings shareholding is reduced to less than 5%. The transaction is subject to receipt of regulatory approval and will be implemented by a buyback of shares from Trafigura Pte Ltd. This follows an equivalent purchase by Trafigura Pte Ltd of Puma Energy's shares from Cochan Holdings. The re-purchase by Puma Energy will be funded by a subordinated shareholder loan from Trafigura Pte Ltd of around US$390 million with an initial tenor of seven years.

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32. Significant consolidated subsidiaries and participating interests

The consolidated financial statements for the year ended 31 December 2019 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 2019	2018	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%	50%	Equity investment
Hull Ocean Going Barges UK Ltd	United Kingdom	100%	100%	Subsidiary
Kpone Marine Services Ltd	Ghana	100%	100%	Subsidiary
Mazen Global Insurance Ltd	Federal Territory of Labuan	100%	100%	Subsidiary
National Energy Puma Aviation Services Co Ltd[i]	Myanmar	34%	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%	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
PT Puma Energy Indonesia	Indonesia	0%	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	0%	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
Puma Energy Bitumen Supply SA	Panama	100%	100%	Subsidiary

Notes to the consolidated financial statements *continued*

32. Significant consolidated subsidiaries and participating interests *continued*

Name of subsidiary	Place of incorporation	Proportion of ownership interest held by the Group at 31 December for the year ended 2019	2018	Legal relationship
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%	75%	Subsidiary
Puma Energy Distribution Benin SA	Benin	100%	100%	Subsidiary
Puma Energy Distribution Côte d'Ivoire Sarl	Ivory Coast	70%	70%	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 Panama Supply SA	Panama	0%	100%	Subsidiary
Puma Energy Paraguay SA	Paraguay	0%	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 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%	100%	Subsidiary
Puma Energy Supply & Trading Pte Ltd	Singapore	100%	100%	Subsidiary
Puma Energy Tanzania Ltd(ii)	Tanzania	50%	50%	Subsidiary
Puma Energy Zambia PLC	Zambia	75%	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%	100%	Subsidiary
Tropifuels SA	Panama	100%	100%	Subsidiary
UBI Group Ltd(ii)	Ghana	49%	49%	Subsidiary
Ultrapar SA	Paraguay	0%	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.

Independent auditor's report

Report of the independent auditor with consolidated financial statements at 31 December 2019 of Puma Energy Holdings Pte Ltd
3 March 2020

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 2019 and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of 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 2019, 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 judgment, 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 2019, the Group's balance sheet includes property and equipment amounting to US$2,421m, intangible assets amounting to US$274m and goodwill amounting to US$333m. 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 13, 14 and 16 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 2019, the Group had deferred tax assets on deductible temporary differences of US$97 million, which were recognised and relate to tax losses carried forward. In addition, there was an amount of US$62 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 11 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 considered whether exposures raised by the tax authorities have been considered.
- We analysed these with involvement of our internal tax experts, and assessed the tax risk provision.
- We tested the calculation of deferred tax assets and liabilities and analysed 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.

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Independent auditor's report *continued*

Hyperinflation accounting for Angola and Zimbabwe subsidiaries

Risk

Angola was identified as a hyperinflationary economy from 1 January 2017 to 30 March 2019. Zimbabwe was identified as hyperinflationary economy from 1 January 2019. Applying IAS 29 – Financial Reporting in Hyperinflation Reporting had a net impact on the 2019 loss of US$11 million. The most impacted balances of the consolidated statement of financial position were Property and equipment and intangible assets, revalued respectively by US$8 million and US$2 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 reevaluation 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.

Discontinued operations and assets held for sale

Risk

Puma energy signed a share purchase agreement to sell its Australian fuel business to chevron in December 2019. The transaction is expected to complete by mid-2020.

As a consequence, this operation has been classified in the balance sheet in accordance with IFRS 5 as asset held for sale and liabilities directly associated with these assets held for sale for respectively US$860.1 million and US$526.4 million. Discontinued loss for 2019 amounts to US$104 million.

The Group's disclosures about assets held for sales and discontinued operations are included in Note 12 of the consolidated financial statements.

Discontinued operations and assets held for were significant to our audit given their materiality and the management estimate in evaluating the criteria to fulfil to account for discontinued operations and measure assets held for sale at the lower of carrying value and fair value less cost of disposal.

Our audit response

We performed the following procedures:

- We assessed the classification of the discontinued operations and assets held for sale
- We verified the underlying inputs and the mathematical accuracy of the fair value less cost of disposal valuation of the assets held for sale
- We analyzed the disclosures relating to assets held for sale and discontinued operations

Our audit procedures did not lead to any material reservations regarding the discontinuing operation and assets held for sale classification and measurement.

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 in the annual report 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.

Responsibility of management for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view 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 judgment 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

Mark Hawkins	**Didier Lequin**
Swiss licensed audit expert	Swiss licensed audit expert
(Auditor in charge)	

Annual Report 2019

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