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

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

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

- 1,700 TRUCKS LOADED EVERY DAY
- 8,278 EMPLOYEES
- 24,824 k m³ SALES VOLUMES
- 15,089 k m³ THROUGHPUT VOLUMES
- 7.7 m m³ TOTAL STORAGE CAPACITY
- 1,291 SHOPS AT RETAIL SITES
- 191 CAR WASH FACILITIES
- 148 RESTAURANTS/CAFÉS
- 20,500 B2B CUSTOMERS
- 84 AIRPORTS SERVED
- 1,291 TRUCK STOPS AROUND THE WORLD
- 139 RESTAURANTS/CAFÉS
- 84 AIRPORTS SERVED
- 139 TRUCK STOPS AROUND THE WORLD
- 3,082 RETAIL SITES AROUND THE WORLD
- 270m DRIVERS THROUGH OUR RETAIL SITES IN 2018
- 1,310 AIRPORTS
- 914 AFRICA
- 858 AMERICAS
- 3,082 MIDDLE EAST AND ASIA-PACIFIC

PUMA STATISTICS

BUSINESS OVERVIEW
## FINANCIAL HIGHLIGHTS

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

<table>
<thead>
<tr>
<th>Financial Highlight</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SALES VOLUMES</strong></td>
<td>US$17,921m</td>
<td>US$14,600m</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>US$554m</td>
<td>US$231m</td>
</tr>
<tr>
<td><strong>THROUGHPUT VOLUMES</strong></td>
<td>US$15,089m</td>
<td>US$14,600m</td>
</tr>
<tr>
<td><strong>NET SALES</strong></td>
<td>US$17,554m</td>
<td>US$14,200m</td>
</tr>
<tr>
<td><strong>ORGANIC CAPITAL EXPENDITURE, NET</strong></td>
<td>US$3,159m</td>
<td>US$2,600m</td>
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<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td>US$122m</td>
<td>US$231m</td>
</tr>
<tr>
<td><strong>NET FIXED ASSETS</strong></td>
<td>US$3,159m</td>
<td>US$2,600m</td>
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</table>

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

The Board and shareholders are delighted that Emma FitzGerald has taken on the challenge of leading the next phase of Puma Energy’s development. Emma has a strong track record of delivery at Shell, where she managed a number of downstream energy businesses around the world, and most recently at National Grid and Severn Trent Water in the UK where she was responsible for gas and water and waste networks.

We have also welcomed two new directors appointed by the Sonangol Group to our Board this year – Baltazar Agostinho Goncalves Miguel and Filomena Maria Gamboa Carvalho dos Santos e Oliveira. I look forward to their input into the challenges the Company faces, as we continue to build our business in Angola, across Africa and around the world.

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

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

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

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

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

We are also actively working in many countries with road safety organisations and on local road safety campaigns through the Puma Energy Foundation.

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

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

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I am delighted to have been given the chance to lead Puma Energy and am genuinely excited about the opportunity I see for this company. Puma Energy has built a business with strong fundamentals, which gives us the opportunity to play an important part in a fast-changing energy landscape. 2018 was a very tough year, but I am pleased that we managed to deliver full year results in line with the guidance that we gave at the 3rd quarter results presentation in November. When I arrived in January I made an early decision to focus on three priorities for 2019 which I agreed with the Puma Energy Board and our main shareholders. First, the safe delivery of the 2019 business plan; second, to set a clear, strategic, direction; and third, to ensure that we have the right portfolio to support our future sustainable growth. In my first week I assembled my Executive Committee to align them around these priorities and develop the purpose and mission for Puma Energy.

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

I am pleased to say that my colleagues across Puma Energy have responded very positively to our three priorities and our communication of the new purpose and mission. After my first few weeks, my overwhelming impression of the people at Puma Energy is that they are dynamic, passionate and bright, and are very open to being agile as we adjust the strategy to make the most of our opportunity. This is not to underestimate the challenges ahead of us. After a rapid period of growth, it is clear that we need to focus on getting the basics right in this next phase of the Puma Energy story before we invest in further growth.

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

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

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

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

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

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

I would like to thank our Board, our bond and debt holders and our shareholders for their support as we move swiftly to develop and implement our strategy. I look forward to working with colleagues across the business to channel the Puma Energy spirit as we provide energy solutions for communities in high-potential countries around the world.
OUR PURPOSE
The Puma Energy spirit provides energy solutions for communities in high-potential countries around the world. We pride ourselves on developing diverse and expert local teams with an agile approach to safely and sustainably serving customer needs. Our mission is to energise communities to help drive growth and prosperity.

OUR STRATEGIC PRIORITIES

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

2. Integrate supply, storage and distribution
   Our global asset base includes 16 strategically located terminals and seven global storage hubs, ensuring the security of supply to our customers anywhere in the world.

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

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

Q1 JANUARY

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Q2 APRIL

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Q3 MAY

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Q4 JUNE

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<td>Q4</td>
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ASA ROAD SAFETY CAMPAIGN

Be Road Safe campaign

Puma Energy successfully refinances its Senior Facilities and extends its three-year RCF. In May, the Group successfully closed its new one-year Revolving Credit Facility totalling US$320 million, in addition to a syndicated three-year secured bullet tranche totalling US$520 million.

In September, Puma Energy opened the Colon terminal in Panama, the Group’s second operations base in the region. This terminal, with a total capacity of 80k m³, is the first terminal of Puma Energy in Panama, and is placed in a strategic location, near the Panama Canal. It contributes to further strengthen Puma Energy’s competitive position in Panama, where it operates a network of 74 retail sites, and provides wholesale and B2B services to a wide range of customers.

Q1 January

Build the infrastructure to support our offer

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

Q2 April

Integrate our approach

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

Q3 May

Rebuilding infrastructure in Puerto Rico after the storm

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

Q4 June

Sixth year of our Be Road Safe campaign

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

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

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

Emma FitzGerald appointed as the new CEO

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

Launch of new retail concept in the Americas

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

Opening of storage terminal in Colombia

The Group completed the construction of a 8k m³ storage terminal at Baranoa – its first terminal in Colombia. This is further strengthening Puma Energy’s position in Colombia, where the Group already operates a network of 98 retail sites and is present in one airport.
Puma Energy invests for the long term, creating jobs and improving infrastructure wherever we operate. Every investment we make, every job we create and every dollar we pay in taxes or give to community projects is another contribution towards the countries and communities in which we work.

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

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

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

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

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

Expand our offer to our customers
Develop into new markets
Build the infrastructure to support our offer
Integrate supply, storage and distribution
Develop local stakeholder trust

Pioneering leading the way and making a difference
Passionate dynamic and enthusiastic, caring about our customers
Performance driven doing things the right way and adding value
Fast, flexible and backed by an unrivalled global supply network, Puma Energy creates value for its customers, communities, shareholders and employees 24 hours a day.

Puma Energy’s experienced team optimises supply across products, geographies and sources to meet customer demand. The 106 storage terminals in our unrivalled global network give us a total storage capacity of 77 million m³.

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

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

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

We serve our customers with high-quality products and services.

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

Our sustainable value creation is built around our customers, shareholders, employees and communities.

SUSTAINABLE VALUE CREATION

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

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

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

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

OUR UNIQUE STRENGTHS AND STRATEGIC GLOBAL NETWORK

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

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

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

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

Talented people
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WHERE WE OPERATE

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

<table>
<thead>
<tr>
<th>AMERICAS</th>
<th>EUROPE</th>
<th>AFRICA</th>
<th>MIDDLE EAST &amp; ASIA-PACIFIC</th>
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<tr>
<td>RETAIL SITES</td>
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<td>RETAIL SITES</td>
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<th>STORAGE CAPACITY</th>
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<td>1.6m m³</td>
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<th>AIRPORTS SERVED</th>
<th>STORAGE CAPACITY</th>
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<td>EUROPE</td>
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<td>PNG REFINERY</td>
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<td>7.7m m³</td>
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<tr>
<td>MIDDLE EAST &amp; ASIA-PACIFIC</td>
<td>22</td>
<td></td>
<td>8,278</td>
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</tbody>
</table>

- Countries where currently present
- Headquarters
- Regional Offices

Switzerland
Estonia
Puerto Rico & USVI
South Africa
Singapore
Australia

Indonesian
Indian
Pacific
Atlantic
Central
North
South
East
West
Europe
Africa
Asia
Oceania

1.310 RETAIL SITES
2.8m m³ STORAGE CAPACITY
914 RETAIL SITES
1.7m m³ STORAGE CAPACITY
10 AIRPORTS SERVED
20 kbd MANREF REFINERY
8,278 STAFF

19

18
This figure is a strong indicator of the Group’s downstream market share. Management targets growth in sales volumes that exceeds growth in target markets.

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

This figure provides a top-line view of the Group’s profitability after deducting the purchase and delivery of products.

Gross profit in 2018 was impacted by lower volumes. This is the main indicator of basic profitability, and is therefore not reflected in throughput volumes.

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

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

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

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

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

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

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

Our target is to achieve continued growth in sales volumes.

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

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

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

This figure includes neither storage volumes for our own terminals, nor volumes stored for third-party customers under capacity rental agreements.

The decrease in net worth mainly reflects currency translation effects from the devaluation of some of our key markets, such as Australia and Angola, and FX effects from the devaluation of most currencies against the US Dollar.

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

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 basis for the valuation of a company.

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

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.

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.

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

The negative growth rate for 2018 reflects the above-mentioned reduction in EBITDA, due to currency devaluations and headwinds in some of our key markets.
This measures the progress of Puma Energy’s safety procedures both within our own operations and at our agencies. We monitor Puma Energy’s safety procedures. The number of retail sites is a good indicator of safety levels. Over the past five years our storage capacity has grown both organically and through acquisitions. The decrease in storage capacity in 2018 is primarily due to the disposal of our 20% stake in Langsat terminal in Malaysia. This terminal had a total capacity of 647 k m³.

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

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, this goodwill attached to our brand in the marketplace will increase.

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

This is an absolute measure of safety levels in facilities. No allowance is made for the severity of the incidents concerned, as any incident falling into this category is symptomatic of an unacceptable safety failure, given the high risks associated with storing and transporting fuels. Management monitors LTIFR to obtain advance warning of safety issues. The number of LTIs for 2015 onwards is based on new Group reporting guidelines.

This indicates the total employees managed by Puma Energy, both permanent and temporary, on payroll and employed through agencies. Monitoring headcount is key to ensuring effective control and efficiency of the organisation. Our workforce comprises 43% African, 15% Latin American, 9% European and 31% Asia-Pacific employees.

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

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

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WE STORE

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

SAFE AND SOUND

PUMA ENERGY SECURES COMMUNITIES
MARKET REVIEW

Overview
For the first time in some years, global markets saw both synchronised economic growth and positive underlying commodity fundamentals, leading to multi-year highs across asset classes. Oil prices moved up steadily for most of the year, rising from US$65 per barrel at the start of the year to just under $90/bbl in early October. Prices then fell rapidly in the last quarter of the calendar year as a combination of fundamental and financial factors came together to weigh on market sentiment. However, despite some growing macroeconomic headwinds, oil demand growth was and is to remain robust, particularly in emerging markets. On the supply side, the rapid growth of US production continued to outstrip forecast levels, which forced adjustments from other producers, most notably the OPEC+ group.

Headwinds in emerging markets
Many of the markets Puma Energy operates in were buffeted by external macro factors, with some also seeing further issues on the domestic front. On the external side, the trade war between the US and China caused a slowdown in global trade and in Chinese economic growth, impacting many of the emerging markets where we operate. A stronger US Dollar, rising US interest rates and higher oil prices also weighed on emerging markets as a whole, given that most emerging markets have Dollar-denominated debt and are net oil importers. Furthermore, the implementation of sanctions on Turkey and of tariffs on global imports of steel and aluminium into the US also had an impact. As a result, EM currencies as a whole weakened, curtailing imports and spending from reaching higher levels. One of our key markets, Angola, adopted a more flexible foreign exchange regime in early 2018, which resulted in an overall devaluation of the Angolan Kwanza by 46%.

Note: Currency performance weighted by gross margin of the top 20 countries accounting for 90% of Group gross margin
Higher commodity prices did help offset some of these effects in the non-crude-oil exporting markets, but overall growth was more sluggish than expected, with oil demand in Africa only rising about 9.7 million b/d in 2017. However, Latin America, South Asia and Australia, all major markets for Puma Energy, performed significantly better, coming in just under 370,000 b/d total growth for the year.

Increasing importance of the US

Global oil production increased less rapidly than consumption in 2017, rising by 3.6 million b/d, compared with the 1.7 million b/d rise in demand. In 2017 the expected cuts in production, announced by OPEC, took effect, OPEC production decreased by 0.2 million b/d. However, the rise was about 0.3 mb/d, and additional improvement in production, rising from 39.9 mb/d in 2016 to 53.2 mb/d, driven by 2.2 mb/d, to an average of 41.4 mb/d.

Growing populations, increasing urbanisation levels and an emerging middle class

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

By 2050, cities in key Puma Energy markets are expected to see rapid population growth. Lagos and Karachi are both projected to grow by more than 30%, with Ho Chi Minh City (above 15%) and Jakarta (approximately 15%) not far behind.

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

Growing energy demand

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

Hydrocarbons stand to supply nearly half of the global increase out to 2040. At the same time, the share of fossil fuels in primary world energy demand is likely to fall from 85% to 78% in 2025 and 74% by 2040 (Figure 4).

Increasing demand for oil, mainly by emerging markets

Oil, the world’s dominant fuel, with a global production of about 3.8 million barrels per day (mb/d) in 2017, meets around one-third of global energy demand. This share is likely to change little, at least to 2025 (31%), and to fall only marginally to 2040 (28%). Total oil demand is expected to increase by 1.5 million barrels per day (mb/d) by 2040, with much of this coming from fast-growing Asian economies (Figure 5).

Puma Energy’s business

Puma Energy’s business is well positioned. All of these developments - the rising volume of oil trade, the growing demand in emerging markets and the increasing need of oil for transport - give rise to robust demand for storage and distribution facilities. Puma Energy’s independent, efficient, cutting-edge storage facilities are well positioned to connect global supply network to local markets. This, along with an efficient distribution networks, strategically located in the world’s largest and most dynamic markets, enables us to energise communities, delivering high-quality products to business-to-business (B2B), wholesale, aviation, bunkering, lubricants, bitumen and LPG customers.

With more than 100 state-of-the-art storage facilities and 3,062 retail sites around the world, Puma Energy is well positioned to thrive in the years ahead.

Figure 3: MAJOR OIL TRADE MOVEMENTS, 2017

Source: BP Statistical Review of World Energy 2018

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


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


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


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

Energy demand will remain at around today’s level in the US, and will decline in Japan and the European Union. Slower or even declining oil demand growth in developed markets is driven by structural factors such as ageing populations, efficiency gains and slower urbanisation rates. Increasingly, electric-based and other alternative fuel vehicles are becoming a part of the vehicle fleet. However, despite the gains, EVs remain a very small part of the overall market, accounting for approximately four million vehicles out of a global car fleet of more than 1.5 billion.

Fueling road and air transport

Aggregative oil demand is dominated by just a few sectors – principally road transport, aviation and navigation, industry and petrochemicals. Together these account for more than 70% of the total. Oil is crucial to transport, aviation in particular requires fuel with a high-energy density, and there is no substitute for hydrocarbons. Transport demand overall (including road transport and aviation), which accounted for some 53 mb/d in 2017, is expected to grow by around 16% by 2040, increasing its total share of world oil demand to 56% (Figure 6).

1 Source: IEA World Energy Outlook 2018
2 Megacities: Developing Country Domination, Euromonitor International
3 Source: IEA World Energy Outlook 2018, New Policies Scenario

**AFRICA**

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

- **EXPECTED GDP GROWTH**: 4.1% up to 2023
- **PROJECTED POPULATION GROWTH**: 13% up to 2023
- **OIL DEMAND INCREASE**: 20% up to 2025

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**LATIN AMERICA**

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

- **GDP GROWTH**: 2.9% up to 2023
- **PROJECTED POPULATION GROWTH**: 5% up to 2023
- **OIL DEMAND INCREASE**: 2% up to 2025

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**ASIA-PACIFIC**

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

- **GDP GROWTH**: 6.1% up to 2023
- **PROJECTED POPULATION GROWTH**: 4% up to 2023
- **OIL DEMAND INCREASE**: 17% up to 2025

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**EUROPE**

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

- **GDP GROWTH**: 1.4% up to 2023
- **PROJECTED POPULATION GROWTH**: 0% up to 2023
- **OIL DEMAND DECREASE**: -8% up to 2025

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

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

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

Further optimising our strategic asset base
Having finalised our major investment phase, we are now focusing on extracting even greater value from our existing asset base. While we have moved beyond the massive investment projects of recent years, their benefits will become increasingly evident in the decades ahead.

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

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

Most significantly, during 2018, we disposed of our 20% stake in the Langsat terminal in Malaysia and we exited Peru.

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

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

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

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

With the roll-out of ePuma across our operations, we expect to reach even higher levels of customer engagement and operational excellence. The digital transformation of our business should contribute to both standardising and simplifying our processes around the world, while improving cost efficiency.
Our integrated Midstream and Downstream operations provide our customers around the world with secure access to a wide range of fuel and non-fuel products.
Puma Energy creates value day in, day out for our customers in 48 countries, supplying a wide range of products and services.

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

We provide high quality, competitively-priced fuel, including premium fuel products in many countries, alongside convenience stores, cafes, restaurants and other food options – all at welcoming, secure cafes, restaurants and convenience stores, and opened selected new sites in the Americas. Most of our 3,082 retail sites at the end of 2018 (end 2017: 3,064) are Puma Energy-branded and are spread across Central and South America, the Caribbean, Africa and Asia-Pacific.

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

We further demonstrate our commitment to energising communities through our retail outlets by understanding our customers’ needs and by making a real difference in the communities we serve. Our retail sites are always well stocked with the products local people need and we recruit local people who know their markets well. They provide important insights into local preferences and a vital link to people who know their markets well. As an energy business, we understand the value of limited natural resources, so we are always looking for ways to reduce our energy and water use, or cut carbon emissions and costs with technological innovation. To help with this, we have rolled out efficient LED lighting across our network of retail sites.

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

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

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

We run market-leading promotional programmes in many countries, helping to drive both our fuel and non-fuel business, and adding further value for our people and customers. We also look for ways to make the most of digital innovations and technology to enhance the service and experience we give our customers. This has included our mobile payment app, Puma FastPay, which allows customers to pay for fuel using their mobile phones.

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

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

The successful expansion of our retail business in the Americas in 2018 has been the result of both top-line activities, such as the design of new store concepts and layouts, category optimisation and brand enhancement, and improvements to the bottom line, with increased efficiency and franchise control through B2B shared services, central logistics and store processes, and staff reorganisation. Improving the customer value proposition

Our C-store initiative puts a renewed focus on quality, safety, customer experience and cleanliness at our retail sites that really enhances the customer value proposition we offer.
Our business customers range from world-famous multinationals to local businesses. They include many of the world’s leading mining companies, and major businesses in key sectors such as transport, power generation, industrial, manufacturing, agricultural and construction. Between them, they keep the lights on, build the houses, grow the food, run the trains and make everything from cars to cardboard and televisions to textiles. These companies all play a vital role in the economies in which they operate – creating wealth, providing employment, building infrastructure and supplying important products and services. For them, reliability is a top priority. If their fuel runs dry, they lose money. They trust us to ensure this never happens and we must meet our customers’ fuel needs no matter what. Earning that trust is crucial, even if it means putting in place robust logistics and transport systems to guarantee delivery to some of the most inhospitable industrial locations on earth.

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

We also demonstrate our long-term commitment to our customers by working with them to develop products, technologies, support and delivery services they can trust absolutely. We provide them with a broad portfolio of fuels. High-quality diesel is in great demand with mining companies, while power-generating companies, such as the Power and Water Cooperation in Australia and Puerto Rico Electric Power Authority in Central America, want heavy fuel oil. Construction companies rely on our bitumen for road building and roof felting, while our lubricants business complements and enhances our fuels business. We continue to invest in technology to improve the services we offer to customers. With the roll-out of ePuma across our operations, we expect to reach even higher levels of customer engagement and operational excellence, while at the same time improving cost efficiency.

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

Our 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 customer 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.
CASE STUDY

IMPROVING GLOBAL ACCESS TO AVGAS FROM OUR FACILITY IN ESTONIA

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

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

Fully automated facility

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

We produce our Avgas according to Def-Stan 01.900 issue 4 and ASTM D-910 standards. The production facilities are ISO 9001 and 14001 certified and designed to the latest requirements set by the aviation industry. They also surpass stringent international standards for Avgas, guaranteeing high quality, safety and performance.

Overcoming barriers

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

AVIATION

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

www.pumaaviation.com

AVGAS

Our aviation operations fuel aircraft at 84 airports every day, making use of our modern tank farms, refueling vehicles and hydrants. We have industry-leading airport fuelling standards and are a member of 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 in-plant fuelling personnel. Puma Aviation now operates across Latin America, Africa and Asia, as well as at the new airport in Boston in Russia. In Central and South America, we have aviation operations in El Salvador, Guatemala, Nicaragua, Belize, Paraguay and Colombia, and just recently started operating at Tocumen International Airport in Panama.

IMPROVING GLOBAL ACCESS TO AVGAS FROM OUR FACILITY IN ESTONIA

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

AIRPORTS IN EUROPE

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

With proactive account management and a dedicated Puma Energy core team, we take care of everything – from importation, handling, storage, bridging and transportation, to on-plane operations at Puma Energy-owned airport fuelling depots using our own people. Our aviation 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.

1 AIRPORT IN EUROPE

www.pumaaviation.com
We are actively supporting the roll-out of CRMB across the country. Bitumen that has been modified by the incorporation of rubber particles sourced from end-of-life vehicle tyres has been used in road construction and maintenance across Australia since the early 1970s. However, the environmental and safety issues resulting from the mounting stockpile has put a new focus on the use of CRMB. Leading supplier of bitumen As the largest bitumen supplier in Australia, we are actively partnering with regulatory authorities and industry groups to help facilitate a successful national roll-out of CRMB. Apart from the environmental advantages, the product can improve the performance of bitumen used in asphalt and sprayed sealing treatments. It can also be used as an alternative to synthetic polymers. Developing our CRMB capacity We manufacture, store and supply bitumens and polymer-modified bitumens that are designed to exceed key quality parameters for penetration, viscosity and performance, as well as emissions used in road pavement and maintenance, including prime coating, tack coating and surface dressing. The products we supply are tested at loading ports by independent laboratories, while additional quality checks are performed in our own terminals. Our Terminal Management System (TMS) provides a high level of control over truck and driver access and monitors the flow of product in our terminals, ensuring that any losses are limited. We own and operate the largest private bitumen terminal in Europe (Cadiz, Spain). We have recently completed the largest refined product import terminal in Myanmar at Thilawa and opened two new terminals in Nigeria. During the year, we have assisted several countries, such as Vietnam, Nigeria, Mozambique and Congo, in major road building projects - sourcing and supplying the bitumen they need using our state-of-the-art fleet of bespoke insulated bitumen carriers and purpose-built terminals. Puma Energy has also become an important contributor to road building in the UK. We now supply around 90% of all the country’s bitumen imports, having only entered the market in 2015. Wherever we work, we make it easy for our bitumen customers to do business with us. They can even benefit from a ‘one-stop shop’ that simplifies their contractual arrangements and gives them access to the expertise, advice and support they need to help their business grow. With our Company-wide expertise and global network, we can combine an offer for fuels, lubricants and bitumen, which makes product sourcing, delivery to site and maintenance of on-site facilities so much easier for our customers to manage. It’s been an exciting time in the business with unprecedented volatility in broader oil markets and extreme market changes in bitumen. Whilst change typically means disruption, we see it as an opportunity to better serve our customers – whether that be security of supply, technology offerings, or risk management. Jamie Phillips, Regional Head of Bitumen
Liquefied petroleum gas, or LPG, is a cleaner, lower-carbon, efficient source of energy that offers benefits to consumers, industry and the environment. We specialise in the storage, bottling and distribution of LPG, with distribution operations in Latin America, the Caribbean and Africa. From storage, through bottling to distribution, our priorities are to offer value for money, quality of service and promote high safety standards. In some markets, Puma Energy is already the partner of choice of national oil companies as they transition away from kerosene. LPG is highly versatile, with hundreds of different uses: most commonly in the home for heating and cooking or in the garden for barbecues. It can also be used commercially in forklift trucks, farming, industrial heating and catering. In Benin, we have LPG storage facilities with a capacity of around 4,800 m³, and we have significant storage and distribution capacity in Senegal, currently Africa’s largest LPG consumer. Around two million domestic customers living in the Havana area in Cuba use our LPG for cooking and heating.

The versatility of LPG makes it an ideal product to market in circumstances where other fuels may be in short supply, either temporarily or on an ongoing basis. As was the case for example in 2017, when we continued to supply LPG across Puerto Rico, ensuring that access to this vital fuel source was maintained, despite the terrible effects of Hurricane Maria. LPG provided a critical lifeline for many people in the country during the recent crisis. We continue to extend our reach into certain markets and look for new markets, such as in PNG and Myanmar, where LPG could play a role in creating a more secure, sustainable and competitive energy model that will benefit both business and domestic customers in the coming years.

LPG

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

LUBRICANTS

Our customers trust Puma Lubricants. We deliver an integrated value proposition to our business-to-business customers that sets us apart from the competition. We sell our products through retail, wholesale and industrial market channels, and indirectly through selected distributors. Our lubricants range has undergone a complete brand overhaul in the past two years, creating an image that is attractive and fresh, reflecting both the products’ quality and innovative properties. Our portfolio consists of 875 products, all backed by Puma Energy’s reach and security of supply and exceeding automotive and industry specifications. They include on- and off-road automotive oils, heavy duty industrial oils, marine oils, hydraulic oils, coolants and greases. We have invested in the latest state-of-the-art molecular technology and our products are approved by all major original equipment manufacturers (OEMs). We have a unique lubricants range that responds to the distinctive needs and objectives of key segments, providing improved protection and lower fuel consumption, offering greater benefits for drivers and enhanced productivity for businesses. We also offer our business-to-business customers an integrated value proposition that sets us apart from the competition, supported by our world-class problem-solving expertise and a guaranteed on-time delivery promise. We make it our business to understand the specific needs of a very wide range of customers, whether their priority is heavy industrial, high performance or home use. Beyond supplying products, we help our customers achieve better performance from their equipment at a reduced cost. Our lubricants experts work alongside our customers to analyse their equipment and understand their specific use and applications. From there, we produce lubricant survey charts for all machines and advise which of our products should be used. We also advise on the best maintenance schedule for the equipment to help reduce wear, improve utilisation and increase profitability.
MIDSTREAM
Our globally integrated asset base, world-class transportation and multiple global sources ensure the security of local supply at competitive prices.

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

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.

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

Storage terminals are an essential part of any country’s energy infrastructure and we contribute to this on a global scale. We have invested in high-quality storage facilities and services, both to support current requirements and anticipate our customers’ future needs.

As we have realised our major investment phase, we now benefit from a strategic asset base to provide both storage services to external customers and to support our own Downstream operations. Our global network of 106 storage terminals and seven global storage hubs is also a vital resource to traders, wholesalers and major oil companies around the world. We handle many different products for these key customers at our facilities, including crude oil, fuel oil, clean refined products, bitumen, LPG and petrochemicals.

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.

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.

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

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

We actively manage our portfolio of positions – both assets and partnerships – and this is crucial to us remaining the most effective player in our markets, with the most effective portfolio. Our price exposure is controlled using sophisticated risk management instruments; we hedge our positions and do not take outright price risk.

Thanks to our supply function, we can manage procurement at a regional, rather than a country, level to achieve economies of scale for our customers.
PERFORMANCE OVERVIEW

BUSINESS REVIEW

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

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

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

Transport and Safety

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

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

We are proud of our long-term safety record and conduct regular audits and assessments, which enforce high standards that help to ensure the transporters we select manage their operations effectively and maintain their vehicles to our exacting requirements. This reduces the number of incidents, such as spills 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.

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

Top: ‘Be Road Safe’ campaign in action. Above: Our road train fleet transports fuel throughout Australia.
In 2018, we continued to expand our retail network and infrastructure presence, and successfully navigated the recovery after the 2017 hurricanes.

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

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

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

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

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

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

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

WHERE WE OPERATE
- Belize
- Chile
- Colombia
- Cuba
- El Salvador
- Guatemala
- Honduras
- Nicaragua
- Panama
- Paraguay
- Puerto Rico and US Virgin Islands
The Puma Energy teams in Latin America responded magnificently to the challenges facing Puerto Rico following Hurricane Maria in 2017 and they have continued to help with recovery projects in the region this year. This is another great demonstration of the positive influence we can have on the communities we serve, even in times of great adversity.

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

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

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

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

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

Infrastructure improvements
During 2018, we completed the construction of two terminals, Baranoa in Colombia and Colon in Panama, adding another 88k m³ to our regional storage capacity. This reinforces Puma Energy’s position as an important player in those two markets and provides us with a financial advantage compared to the costs of operating from a third-party facility.

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

Recovery plan in Puerto Rico
Two major hurricanes struck Puerto Rico in 2017 – causing enormous destruction – and marked a clear ‘before and after’ for its communities. 2018 was one of the most difficult years for the island. By guaranteeing fuel supply to industrial clients, government agencies, key sectors of the economy and the population in general, Puma Energy played a key role in Puerto Rico’s recovery.

We are fully committed to implementing the recovery plan in Puerto Rico, including making the investment required to rebuild the service stations and damaged fuel infrastructure.

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

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

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

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

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

WHERE WE OPERATE
- Angola
- Benin
- Botswana
- Burundi
- Democratic Republic of Congo
- Ghana
- Ivory Coast
- Lesotho
- Malawi
- Mozambique
- Namibia
- Nigeria
- Republic of Congo
- Senegal
- South Africa
- Swaziland
- Tanzania
- Togo
- Zambia
- Zimbabwe
A growing aviation business

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

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

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

Headwinds in Angola

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

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

Optimising our infrastructure base

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

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

Focus on fuel quality and safety

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

The Company’s track record of quality, safety and environmental standards, combined with investments in efficient and reliable infrastructure, is solid and strong.

We meet all national quality specifications in the markets where we operate, but we also support efforts by national governments to improve fuel quality.

During 2018, we gained another ISO certification in Senegal.

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

Source: Kilipullen, Global Head of Aviation.
PERFORMANCE OVERVIEW
REGIONAL PERFORMANCE MIDDLE EAST & ASIA PACIFIC

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

MIDDLE EAST & ASIA-PACIFIC

Overall performance in 2018
Sales volumes increased in Asia Pacific, mainly in Australia and Pakistan, following the integration of the business acquired in late 2017. Given a difficult market environment in Australia, gross profit and EBITDA have been impacted by low unit margins for both the retail and B2B segments.

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

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

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

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

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

Where we operate
- Australia
- Indonesia
- Malaysia
- Myanmar
- New Zealand
- Pakistan
- Papua New Guinea
- Singapore
- United Arab Emirates
- Vietnam
Integration of the Pakistan business

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

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

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

Sale of Langsat terminal in Malaysia

In the first half of 2018, Puma Energy agreed to sell its 20% minority stake in the terminal located in Tanjung Langsat, Malaysia, to the key investor and partner in this project.

The terminal, with a total capacity of 647k m³, and the capabilities to blend and store a large range of products, spanning from fuel oil to biodiesel, was considered as a non-strategic asset for Puma Energy. Puma Energy continues to operate its own bitumen terminal located in the same strategic area.

Strategic alliance in PNG

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

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

Upgrade of Alotau terminal in PNG

Puma Energy recently refurbished the terminal located in Alotau, in the southern part of the PNG mainland. The project, including the construction of a 850 m³ diesel and 750 m³ gasoline tank, new sea wall protection, new gantry, an upgrade of the existing firefighting system and ancillary facilities, started in October 2017 and was completed in December 2018. Due to Alotau’s isolation, the existing terminal had to maintain operation while the new one was being built around it. In this tough working environment, the team achieved some great results with no LTIs, no spills and no recordable incidents.

Transport and logistic division

We transport close to 1.7 million m³ of fuel every year to customers throughout Australia. We do this through DirectHaul, our industry-leading transport and logistics division, providing carriage to key industries in the country, including transportation, mining, pastoral, retail and aviation. Our DirectHaul drivers travel long distances and our fully equipped truck stops offer a much-needed chance to shower, rest, eat and refuel.

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

High-performing diesel products

Puma Energy is delighted to provide high-quality and low-consumption fuels and lubricants. Pumamax Next Gen Diesel has been shown to reduce fuel consumption by an average of 7% when compared to similar products. Evidence proved that, as well as boosting engine performance, Pumamax Next Gen Diesel also lowers maintenance costs and emissions, providing a great financial advantage for any transport company travelling thousands of kilometres every day.

Puma Card success

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

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

Integration of the Pakistan business

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

Jim Collings, General Manager PNG

CASE STUDY

REDUCING DIESEL CONSUMPTION FOR HAULAGE Fleets

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

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

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

Comprehensive test of Pumamax Next Gen Diesel

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

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

The verdict

The test showed that using Pumamax Next Gen Diesel can reduce fuel consumption and lower emissions, with the potential for haulage operators to significantly reduce their impact on air quality.

With fleets travelling thousands of kilometres every day, less fuel used per kilometre really adds up. As well as boosting engine performance, the fuel has been designed to lower maintenance costs and emissions, adding value both for our commercial customers and the environment.
**PERFORMANCE OVERVIEW**

**REGIONAL PERFORMANCE EUROPE**

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

**Overall performance in 2018**

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

**Backed by our established infrastructure**

Our operations in Europe are supported by our major storage capacity, including both Milford Haven in the UK, and two storage and blending terminals in Estonia, primarily serving Russian exports. The facilities in Estonia handle light oils, petrochemicals, LPG, petroleum and aviation fuel, with a combined storage capacity of 895,000 m³. We also have the facility to manufacture Avgas at Paldiski.

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

**Focus on UK infrastructure**

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

Our 1.4 million m³ facility at Milford Haven in the UK obtained a 100% In Compliance (IC) mark in the annual inspection carried out by the UK Government’s Department for Transport. Our UK Head of Security, Simon Nicholas, stated that: “While I did not expect any ‘non-compliances’ or ‘deficiency notices’, it is quite unusual to get 100% IC marks, as the inspectors usually like to make a few comments or recommendations which are then recorded as ICIs (In Compliance but improvement required). But on this occasion there was not one comment or criticism they could make about any of our practices.”

**Energising the World Cup**

Puma Energy owns and operates Yuzhny, an aircraft fuel supply terminal servicing Rostov-On-Don Platov International Airport. The facility has a total storage capacity of 9,000 m³, and uses four brand new refuellers equipped with lifting platforms, which allow them to fuel any types of aircraft, at a remarkable speed. The terminal is also equipped with a modern fuel quality laboratory.

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

**Growth in aviation fuel**

In Paldiski, Estonia, we operate an aviation fuel production facility in the Alexela Terminal, from where Puma Energy already supplies clients on a daily basis. As demand for Avgas is increasing, Puma Aviation Europe also plans the construction of further aviation fuel facilities similar to Yuzhny in the region.

**WHERE WE OPERATE**

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

**TOTAL STORAGE CAPACITY ACROSS EUROPE**

- 2.8 million m³

**AIRPORT IN RUSSIA**

- 1
Our approach to sustainability has always been commercially driven – any investment must result in a triple win: energising business and society while protecting the environment. This is becoming a key differentiator in how we supply, store and distribute fuels reliably and cost-effectively.

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

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

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

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

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

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

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

**SUSTAINABILITY REVIEW**

Our new Commercial Academy provides a foundation for our employees to expand their development, focus on what they do best and demonstrate performance.

Emma Fizgerald, Chief Executive

Health, safety and the environment

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

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

Operating in some of the world’s most remote and environmentally sensitive regions, we understand the value of limited natural resources, so we are always looking for ways to do more with less through technological innovation. In 2018, we continued to innovate and work with partners on innovations such as using seawater in our cooling and fire drill processes, as well as capturing volatile hydrocarbons that escape from ships, trucks and trains through Vapour Recovery Units. Our carbon emissions rose slightly in 2018 as the business continued to grow. To reduce our carbon footprint, we deploy a number of strategies such as locating storage tanks close to where fuel is needed and moving bitumen by barge instead of truck. For retail customers, fuels such as our Pumamax Diesel and Pumamax Premium Unleaded offer superior economic performance, emit low levels of exhaust hydrocarbons and carbon monoxide and help maintain excellent operational performance. As well as supplying higher grade petroleum products around the world, we are also growing our alternative fuel offering, including biofuel, biodiesel blends and liquefied petroleum gas (LPG). In Papua New Guinea, female entrepreneurs have become LPG resellers, adding another income stream to their businesses.

Economic development

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

Our global network of storage terminals energised traders, wholesalers and major oil companies in 2018. Furthermore, by assisting governments and highway agencies in sourcing and supplying the bitumen they need for major construction works, we are helping to deliver safer, smoother journeys for customers. Widening access to high-quality, reliable, efficient fuel has meant expanding our retail network and serving 15 more airports during the year.

Our people

We are the people who make a dominant difference. This is what makes us agile, efficient and connected. We employ 8,278 people from over 80 countries, supporting them with rigorous standards for fair, decent work, welfare and professional development. Our people are fully supported by our consistent and fair employment process, delivered across all markets in which we operate.

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

**COMMUNITIES**

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

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

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

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

The Puma Energy Foundation

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

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

**CASE STUDY**

**RESPONDING TO THE VOLCANO OF FUEGO ERUPTION IN GUATEMALA**

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

Volcán de Fuego (Spanish for “Volcano of Fire”) is one of the most active volcanoes in the world, located just 44 kilometres from Guatemala City. This year’s catastrophic eruption forced the evacuation of more than 3,000 people from nearby areas and the fall of ash affected around 17 million people in a wider geographic area.

Supporting emergency services

Tragically, more than 100 people lost their lives, with fast moving clouds of hot gas and rock falling onto the communities, devastating homes and infrastructure and resulting in severe crop damage. Puma Energy has a long-standing relationship with the Guatemalan Red Cross, to assist the tremendous efforts made by emergency service organisations responding to this natural disaster.

Equipping volunteer fire fighters

For three weeks and volatile ash flows occurred during the days that followed the initial eruption and outside of the immediate area around Volcán de Fuego, villagers to the south in the municipalities of Chimaltenango and Sacatepéquez areas were most affected. In recognition of the contribution made to disaster response, the local department of volunteer fire fighters, Puma Energy has also made a US$50,000 donation to fund a rescue unit and ambulance that will assist them in their future work.
Three markets were selected as pilots for the Commercial Academy - South Africa, Australia and Guatemala. Representing our Africa, Middle East & Asia-Pacific and Americas regions, these markets reflect the spread of Puma Energy businesses and the diversity to help us get the future roll out right for the region.

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

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

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

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

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

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

Working with Amend in Tanzania
In Tanzania, children are particularly vulnerable on the roads to and from school. We began working on a programme with road safety NGO Amend in 2013 that has now educated, supported and entertained more than 68,000 children at 63 schools in five regions of Tanzania. Awareness is key, and Puma Energy Tanzania continued to prioritise this issue in 2018. In September, we held the final judging of the 2018 Road Safety Drawing Competition for primary schools in Dar Es Salaam. This was a highlight of the activities conducted in conjunction with Amend involving children from 16 schools in the area. This year we have trained 9,512 students in the region and we have become the first oil company in Tanzania to work with children with disabilities.

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

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

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

The difference this year is that we have brought together these important campaigns under one brand - Be Puma Safe. The key message of this year’s campaign is that every one of us needs to be thinking about safety issues and acting upon them every day. The campaign has been launched through events at our operations worldwide, introducing new campaign materials and a series of simple icons designed to educate and increase awareness of safety issues.
We have continued to embed our risk governance structure in 2018, aiming to provide clear business ownership of the diverse range of political, economic, social and environmental risks we face across the Group. This is helping us to mitigate these risks, and manage them consistently wherever we do business.

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

- **Governance and Culture**: Governance sets the tone, culture describes risk appetites and behaviours and the understanding of risk in our business entities.
- **Strategy and Objective Setting**: We combine enterprise risk management, strategy and objective setting during our strategic planning process. Our risk appetite is established and aligned with strategy, while we put our strategy into practice through our business objectives, which serve as a basis for identifying, assessing and responding to risk.
- **Information, Communication and Reporting**: Risk management requires a continual process of obtaining and sharing necessary risk information, from both internal and external sources. This information flows up, down and across the organisation.
- **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 has been a substantial change, 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.

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

**Risk governance**

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

**Understanding our risks**

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

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

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

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

**How we operate**

Puma Energy strives to operate in line with international best practices, even when that means exceeding local expectations. We apply the same strict policies and standards across our operations around the world – from manufacturing right through to distribution and delivery. We always conduct full due diligence on our subsidiaries to assess community risk when we enter new markets. From day one, we start building relationships and creating ongoing, constructive dialogue by providing job opportunities and investing in local infrastructure.

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

**Employee policies and our Code of Conduct**

We implement employee policies that ensure all employees receive fair treatment while protecting their safety. These policies, products and services and contribute to the smooth integration of new people joining our business and acquisition deals or large investment programmes.

We launched a new Code of Conduct in 2017 to better support staff through our ethical decision-making model and strengthen our ‘Speak Up’ culture. The Code sets clear principles and values for our staff to follow and is also available in Spanish, Burmese, French, Portuguese, Estonian and Russian. Face-to-face events launching the Code were held at every single one of our businesses, so that all employees know the high standards the company expects.

In 2018 we listened how well the new Code of Conduct and ‘Speak Up’ was being adopted by employees, by carrying out an independent, anonymous, company-wide survey. The survey was completed by 2,405 of our people and showed they had high awareness of the Code of Conduct (85% stated they very familiar or familiar with the contents of the Code), and that management were genuinely committed to act in accordance with the Code of Conduct (91% of employees Agreed or Strongly agreed).
### 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.

#### 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.

#### ETHICS AND COMPLIANCE

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

#### 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

- 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.
- Significant effects to cash flow that could ultimately result in bad debts, write-offs and lost revenue.
- 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.
- Lost business, lower margins, inefficiencies caused by corrections and replacements, product returns and commercial disputes.

### 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 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 ensure that new providers will be reliable and diligent over time.
- 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.
- We have proper segregation of duties throughout our business processes and maintain effective control environments. KYC 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 ensure that new providers will be reliable and diligent over time.
- 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.
- We actively monitor credit risk, and minimise our exposure by targeting and achieving an average of 10 to 15 days of sales outstanding.
- We diversify our customer base, and do not place reliance on a single source.
- 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 diversify our customer base and place reliance on a single source.
- We work closely with our external contractors, ensuring that we provide excellent service and deliver to plan.
- We ensure optimised inventory management through monitoring of logistics and production, 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 ensure that new providers will be reliable and diligent over time.
- 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.

### OUR STRATEGIC PRIORITIES

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<thead>
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<th>Strategic Priority</th>
<th>Description</th>
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| 1. EXPAND OUR OFFER TO OUR CUSTOMERS | Support our offer with new products and services to meet customer needs.
| 2. DEVELOP INTO NEW MARKETS | Identify and enter new markets to expand our customer base.
| 3. BUILD THE INFRASTRUCTURE TO SUPPORT OUR OFFER | Develop infrastructure to support product delivery and sales.
| 4. INTEGRATE SUPPLY, STORAGE AND DISTRIBUTION | Optimize supply chain management to reduce costs and improve efficiency.
| 5. DEVELOP LOCAL STAKEHOLDER TRUST | Build trust and relationships with local stakeholders to support business operations.

See page 10 for more information.
ECONOMIC/FINANCIAL RISKS

1 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.

2 LIQUIDITY/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.

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

POTENTIAL IMPACT
Failure to have stock/supply of the product required to satisfy subsidiary’s business requirements.
Improper management of 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.

4 INVENTORY LEVELS
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.
• We also source products from a large range of suppliers, minimising the risk of supply chain failures.

5 FINANCIAL 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.
• 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.
• We also source products from a large range of suppliers, minimising the risk of supply chain failures.
EMPLOYEES AND TALENT MANAGEMENT
Our ability to recruit, train, develop and retain talented people is crucial to the continuing growth of the business.

Increased costs caused by staff inefficiency and remedial contracting.
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.

INFORMATION TECHNOLOGY RISKS

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

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
• 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.

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.

Mitigating Factors
• 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 establish and maintain adequate storage and throughput facilities.
  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.

- **NATURAL CONITIONS 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.)

- **HEALTH AND SAFETY**
  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.)

- **PHYSICAL SECURITY**
  Inadequate security measures may result in harm to our 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.

- **PHYSICAL OIL STORAGE AND HANDLING**
  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.)

- **PHYSICAL SECURITY**
  Inadequate security measures may result in harm to our 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.

**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.

- 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.

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.

**MITIGATING FACTORS**

- • We use a bespoke safety management system, SAPS (Systems, Application and Products), at all Puma Energy terminals to monitor the frequency and severity of accidents and lost-time incidents. This helps us to assess safety levels and identify potential risk factors.
- • We are an active member of Oil Spill Response Ltd (OSRL), which is part of the Global Response Network, an organisation that shares effective responses to oil spills worldwide.
- • The Company has corporate insurance for natural disasters.
- • We have Emergency Response plans and Crisis Management plans at all our locations.
- • Most Puma Energy entities located in countries with a high natural risk are in ‘regional clusters’, so emergency responses can also be organised from neighbouring depots and subsidiaries.

- • We monitor public health concerns in the countries where we operate and carry out public awareness-raising exercises where necessary.
- • We monitor and actively manage our Health, Safety, Environment and Community (HS/EC) 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 fire experts to help on the ground should a major incident occur.
- • We work with transporters to improve their own HSEC performance and encourage them to train their drivers properly, control driving hours and educate drivers on fatigue management.

- • We train our employees in line with the highest international standards and actively promote a highly safety aware culture.
- • We run campaigns across our markets promoting greater safety awareness both at our operations and among the wider community.
- • We provide and mandate the use of personal protective equipment (PPE).

- • Puma Energy always looks for solutions to avoid bottlenecks – for instance, by identifying multiple logistics routes and supply schemes to our major locations.
- • In Australia, where we deliver to customers across vast distances up to 5,000km, we manage our own transport via our DirectHaul business.
- • In other geographies, we manage relationships with third-party transport companies.

- • We have access controls and alarms at our depots, facilities and offices.
- • We have CCTV at depots and retail sites to deter potential intruders and actively monitor and safeguard our employees and assets.
- • We minimise cash balances at our retail sites and have formal cash procedures to minimise risk.
- • We monitor and control in-transit product losses.
POLITICAL/COUNTRY/REPUTATIONAL RISKS

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

POLITICAL 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.

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.

PRICING RISKS

COMMODITY PRICES
Inability to pass 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.

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.)

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

POTENTIAL IMPACT

Discussions on 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.

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.

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.

CURRENCY VOLATILITY
Currency volatility may result in financial losses to 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.

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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.

Puma Energy seeks to maintain a politically neutral stance in all our operating jurisdictions.

We actively monitor regulatory and political developments, both at an international level and through our local businesses.

Puma Energy’s geographic diversification limits the overall risk to the business.

In the interests of industrial safety, we also continuously promote Puma Energy’s Safety Management System.

Every country operation 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.

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 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 operational autonomy and an opportunity in terms of political risk management.

Puma Energy has political risk insurance for Confiscation, Expropriation, Nationalisation and Deprivation (CEND).

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.

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.

Mitigating factors:

We actively manage and report our stock balances daily, which limits our potential exposure in volatile markets.

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Mitigating factors:

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.

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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.

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.

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).

• 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.

• 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.

• Consumers boycotting our products or services, political or community opposition to the brand doing business within a geographical region, and issues caused by licences being revoked or withdrawn and legal action impacting our ability to trade.

OUR STRATEGIC PRIORITIES

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

See page 10 for more information.
2018 has been a year of consolidation for Puma Energy as we have focused on integrating past acquisitions, ramping up the operations of completed investments and extracting more value from our existing asset base. We have considerably increased sales volume versus prior year, reaching a record 24,824k m³ of products safely delivered to our customers. At the same time, many of our local currencies have depreciated against a stronger US Dollar. Oil prices have been very volatile during the year, while dropping sharply towards the year end. The price structure in some of our regulated markets has not yet been adjusted to reflect the new market environment, putting pressure on unit margins. Net profit amounted to US$(31) million, impacted by lower unit margins and non-recurring impairment expenses taken during the year.

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

Operating performance
Sales volumes have increased across all regions and segments by a total of 2,030k m³ versus 2017. Sales volumes increased, mainly in Australia, Pakistan and the UK and at our retail, wholesale and bitumen operations. Our gross profit, however, decreased by US$212 million to US$1,460 million (2017: US$1,672 million), due to headwinds experienced in Angola and Australia. The Angolan Kwanza faced a 46% devaluation against the US Dollar, while the regulated price structure has not been adjusted for the combined effect of FX devaluations and oil price movements. In Australia, strong competition is putting pressure on prices, impacting both retail and B2B unit margins.

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

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

INCREASE IN SALES VOLUMES COMPARED TO 2017

<table>
<thead>
<tr>
<th>Region</th>
<th>Increase (%)</th>
<th>Volume (k m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia-Pacific</td>
<td>10%</td>
<td>2,030</td>
</tr>
<tr>
<td>Europe</td>
<td>10%</td>
<td>2,030</td>
</tr>
<tr>
<td>Americas</td>
<td>-10%</td>
<td>2,030</td>
</tr>
<tr>
<td>Total</td>
<td>10%</td>
<td>2,030</td>
</tr>
</tbody>
</table>

EBITDA

<table>
<thead>
<tr>
<th>Region</th>
<th>EBITDA (m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia-Pacific</td>
<td>554</td>
</tr>
<tr>
<td>Europe</td>
<td>53</td>
</tr>
<tr>
<td>Total</td>
<td>554</td>
</tr>
</tbody>
</table>

DOWNSTREAM UNIT MARGIN

<table>
<thead>
<tr>
<th>Region</th>
<th>Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia-Pacific</td>
<td>5.5%</td>
</tr>
<tr>
<td>Europe</td>
<td>5.3%</td>
</tr>
<tr>
<td>Total</td>
<td>5.5%</td>
</tr>
</tbody>
</table>
We reduced our capital spending, as we did not launch any new major investment projects, but focused instead on retail developments in better performing regions and finalising smaller investments in storage projects, such as Banano terminal in Colombia and Colon terminal in Panama.

Assets
In 2018, we made two small acquisitions in countries where we already had a presence and could easily integrate the acquired businesses into our existing operations. We have acquired a network of 15 retail sites from Total in Laos, and have exchanged a 25% minority stake in our storage business in Ivory Coast for a retail distribution network in the country. We have also disposed of some assets, like a 20% stake in the Langsat terminal in Malaysia and our retail network in Peru. We finalised the construction of two storage terminals – Colon terminal in Panama and Banano terminal in Colombia – and started operations at the Rostov aviation terminal in Russia. During the year, we recorded an impairment expense of US$816 million, on the goodwill of our operations in Pakistan and Nigeria, and some of our fixed assets.

Total non-current assets at 31 December 2018 decreased to US$4,730 million compared to US$5,449 million at 31 December 2017. Non-current assets reduced in particular due to currency devaluation effects on our tangible and intangible fixed assets. Total current assets increased to US$2,880 million, reflecting higher cash and higher trade receivables as a result of increased sales volumes and oil prices. DIO (Days of Sales Outstanding) decreased to 12 days from 18 days in 2017, reflecting our strict credit discipline. Irrespective of the increase in our activity, DIO (Days of Inventory) decreased to 20 days at the end of 2018 from 29 days at the end of 2017, reflecting lower inventory levels across all of our regions.

Capital structure and net debt
Moody’s have maintained the rating of our Notes at B2, with a negative outlook, and our corporate family rating (CFR) at B2. Our B3 ratings with Fitch have also been maintained with a negative outlook.

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

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

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

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

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

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

Despite headwinds affecting our unit margins, the Company has been able to adapt quickly to this environment and to keep a strong cash flow and liquidity profile.
WE DISTRIBUTE
Far and Wide
Puma Energy powers communities

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

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

01. Graham Sharp (Non-Executive Chairman, Puma Energy)

02. Emma FitzGerald (Chief Executive Officer, Puma Energy)

03. Baltazar Agostinho Gonçalves Miguel

Executive Board Member, Sonangol EP

04. Filomena Maria Gamboa Carvalho dos Santos e Oliveira

Executive Board Member, Sonangol Hidrocarbonetos Internacional

05. Robert Gillon

Co-Head of Group Market Risk, Trafigura

06. Pierre Lorinet (Director, Trafigura)

07. Leopoldino Fragoso do Nascimento

Chairman, Cochan

08. José Larocca

Head of Oil Trading, Trafigura

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

Skills and experience: Graham joined the Puma Energy Board on 27 May 2002 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.

Years of experience (Puma Energy/Industry): 1/24

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

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

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

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

Skills and experience: Robert joined Trafigura in 2006 as a middle distillate risk manager. Since then, he has traded the global paper book for distillates, before becoming Co-Head of the Distillates Desk. In 2013, Robert became a member of the Trafigura Foundation board and in 2016 was appointed to the Trafigura Trading Committee. Prior to joining Trafigura, Robert worked at Arrow and Tullian Prebon. Robert has a geography degree from Nottingham University.

Years of experience (Puma Energy/Industry): 2/25

Skills and experience: Pierre joined 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.

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

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

Years of experience (Puma Energy/Industry): 1/11

Skills and experience: José Larocca was appointed to the Trafigura Management Board and Head of the Oil and Petroleum Products trading division in March 2007. He was one of the Company’s earliest employees, joining Trafigura after spending a period trading in the DT Group. Before joining Trafigura, José worked for many years at Interpetrol, a small oil trading company in Buenos Aires.
As at 31 December 2018

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

Denis Chazarain (ii), (iii)
CHIEF FINANCIAL OFFICER
10 years at Puma Energy, 29 years in the industry
Denis joined Puma Energy in September 2008 as CFO. Previously, he has held various finance roles at Total (Downstream), Addax & Oryx (CFO and GM of Downstream) and Vallourec (CFO of Oil and Gas division). Denis has an MPhil in international relations from Panthéon-Sorbonne Université and a Masters from the Institut d’Études Politiques de Paris.

Christophe Zyde (ii)
GROUP CHIEF OPERATING OFFICER
7 years at Puma Energy, 30 years in the industry
Christophe was appointed Group Chief Operating Officer of Puma Energy in 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 Africa in 2011. He previously worked for Umicore in a variety of operational and general management roles. Christophe holds an engineering degree from Ecole Polytechnique in Brussels.

Rodrigo Zavala
CHIEF OPERATING OFFICER, AMERICAS
7 years at Puma Energy, 26 years in the industry
Rodrigo joined Puma Energy in 2011 to lead the merger of Exxon’s Centam storage facilities into the business, then became our General Manager in Paraguay and was appointed COO for the Americas in 2014. He started in a finance role at Shell before spending 11 years at Petrobras in M&A, refinery logistics planning and marketing in Argentina, Brazil and Chile. Rodrigo holds an economics degree from Universidad de Belgrano and an MBA from Universidad de CEMA in Argentina.

Jonathan Pegler (ii)
GLOBAL HEAD OF SUPPLY AND TRADING
4 years at Puma Energy, 26 years in the industry
Before joining Puma Energy in 2015, Jonathan was global co-head of crude trading and head of oil Asia for Trafigura, based in Singapore. Prior to Trafigura, he worked for four years at Amerada Hess and nine years at BP, managing trading portfolios for products and risk management of its European Downstream system. Jonathan graduated from City University in London with a BSc in aeronautical engineering.

Antonio Mawad (ii), (iv)
GLOBAL HEAD OF MIDSTREAM OPERATIONS
5 years at Puma Energy, 35 years in the industry
Antonio started his career in 1983 with PDVSA-Venezuela and has worked in a variety of roles across engineering, refinery operations, logistical optimisation, and supply networks – joining Petroplus in Switzerland in 2007 and Puma Energy in 2013. He holds a degree in chemical engineering from Simón Bolívar University in Caracas and an engineering degree in oil refining from the French Petroleum Institute in Paris.

Pierre Costa
CHIEF INFORMATION OFFICER
2 years at Puma Energy, 21 years in the industry
Pierre joined Puma Energy in 2017 as Chief Information Officer. He joined from IBM, where he held various positions, leading large and complex project deliveries and sales in an international and multicultural environment. Pierre holds engineering degrees from Ecole Polytechnique in Paris and Ecole Nationale des Ponts et Chaussées in France.

Robert Jones
CHIEF OPERATING OFFICER, ASIA-PACIFIC & MIDDLE EAST
14 years at Puma Energy, 20 years in the industry
Robert joined Trafigura in 2002 as Project and Investment Manager in the oil asset division. He previously worked for Arthur Andersen and Deloitte & Touche in a variety of roles within finance and M&A. Robert holds a first-class honours degree from the University of Cambridge and is a qualified chartered accountant (ICAEW).

*As at 31 December 2018

OUR EXECUTIVE COMMITTEE*

01. Emma FitzGerald (ii), (iii)
02. Denis Chazarain (ii), (iii)
03. Christophe Zyde (ii)
04. Rodrigo Zavala
05. Jonathan Pegler (ii)
06. Pierre Costa
07. Robert Jones
08. Antonio Mawad (ii), (iv)

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

GOVERNANCE
OUR EXECUTIVE COMMITTEE
CORPORATE GOVERNANCE REPORT

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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We believe our corporate governance principles will help us to deliver long-term success by facilitating effective, entrepreneurial and prudent management.
Ownership and shareholders
We operate independently of our main shareholders and strategic partners, Trafigura, Sonangol and Cochab, however, we can draw on their management expertise and market knowledge.

Trafigura
Trafigura is one of the world’s leading international commodity traders, specialising in the oil, minerals and metals markets, with 4,316 employees across Europe, Africa, Asia, Australia and North, Central and South America. Founded in 1993, Trafigura is owned directly by its management and employees.

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 1970, Sonangol is ultimately a state-owned company whose mission is the management of hydrocarbon resources development 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.

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

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

8,278
EMPLOYEES AROUND THE WORLD

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

Our approach to corporate governance
Puma Energy is managed on a global basis through a network of local and regional offices. Puma Energy has worked with Cochab since 2005 to develop retail sites in Angola, and the Angolan bitumen and B2B markets. Cochab is a leader in capital investments in high-potential markets. Its partnerships are long term and lasting to build continuous success. Other than in Puma Energy, Cochab’s key investments include Bloccom, DT Group, Ker, Kinaxixi and Cinemax.

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

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

Our governance objectives
Puma Energy’s attitude to governance is driven by three overriding objectives. It seeks:
1. To support a performance-driven global business focused on growth.
2. To maximise our commercial flexibility by light-touch central management that empowers individual employees at a local level.
3. To balance the previous two principles by promoting a strong culture of governance and using effective information systems to ensure transparency and accountability.

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

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

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

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

Graham Sharp, Chairman
The Board of Directors
The Board comprises Graham Sharp, Non-Executive Chairman, the Chief Executive Officer and six other Board members who represent our major shareholders. Our Board meets at least four times a year to, among other things, 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 not 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 operation of the Company.

Key issues our Board discussed during 2018 included:

- Acquiring and integrating the recently acquired businesses.
- Approving our main projects.
- Approving financing strategy and main financing arrangements.
- Reviewing our ESG and whistleblowing policy.
- Approving our wealth plan.

Roles and responsibilities of our Chairman and CEO

Our Chairman is Graham Sharp, and our Chief Executive Officer is Emma Coster. Graham Sharp is responsible for:

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

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

Executive team

Our highly experienced executive team takes decisions to grow our business effectively and profitably. Puma Energy has a lean and agile management structure that enables us to take 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 strategic planning and policy to investment and risk.
- Setting financial, technical, operational and community projects and ensuring that any necessary adjustments are made if required.
- Ensuring that systems and structures are in place to effectively provide a management and support for employees.
- See our executive team section on page 92 for details of our leadership team.

Our committee

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

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

Audit Committee (i)

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

The committee meets at least twice a year and its primary roles include:

- Reviewing and approving the Statement of Financial Position.
- Reviewing our financial statements and the performance of the Group.
- Reviewing and improving internal audit processes.
- Reviewing the effectiveness of the existing Internal Audit function and reviewing any material weaknesses.
- Reviewing the relationship with our external auditors, including agreeing their fee and assessing their independence and effectiveness.
- Establishing procedures for receipt, retention and treatment of complaints regarding 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.

The committee meets at least twice a year and its primary roles include:

- Overseeing the financial reporting process of the Group.
- Monitoring the effectiveness of the Group’s Internal Audit function and reviewing any material weaknesses.
- 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 regarding 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.
- Reviewing significant ethical and compliance issues and confirming that appropriate risk management policies and plans are in place.
- Monitoring the overall ethics and compliance performance in the Company.
- Reviewing the systems in place to enable staff to speak up about potential breaches of the Code of Conduct.
- Setting out and providing guidance on the culture and values of the Company in support of an effective compliance management framework.
- Reviewing significant investigations to be able to identify lessons learned and opportunities for systemic remediation.
- Reviewing and resolving significant ethical and compliance matters that have the potential to adversely and materially impact the Company’s reputation.

Principal activities during the year included:

- Approving the yearly Internal Audit programme.
- Reviewing key audit findings, control concept trends and progress made.
- Proposing the appointment of Group external auditor to the Board.
- Validating audit budgets for the year.
- Overseeing the relationship with the Company’s external auditors.

Ethics and Compliance Committee

Chair: Emma Fitzgerald (Chief Executive Officer), Members: Andrew McClarin (Global Head of Compliance and General Counsel), Denis Chazarain (Chief Financial Officer), Christophe Zyde (Group Chief Operating Officer), Jonathan Pegler (Global Head of Supply and Trading), Kerstin Knapp (Global Head of Human Resources), Antonio Mawad (Global Head of Midstream Operations), Members: Christophe Salmon (Global Head of Operations), Kerstin Knapp (Global Head of Human Resources), Moosa Karadi (Operations Manager, Africa), Carlos Garcia (Operations and HSEC Manager, Americas), Ciro Isanora (Operations Manager, Asia-Pacific), Mario Sierra (Retail Manager, Americas), Peter John (Aviation Operations Manager), Peter End (Operations Controller), Philippe Roux (Global Head of Transport).

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

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

The committee’s primary roles include:

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

Principal activities during the year included:

- Advising on Puma Energy HSEC goals.
- Reviewing and approving any new guidelines associated with Puma Energy HSEC policies.
- Following up with each region on Puma Energy HSEC policies implementation.
- Reviewing Group and Regional HSEC statistics, performance KPIs and risk areas.

- Reviewing major incidents investigation reports, defining improvement actions based on feedback from lessons learned from these incidents.

Global and local management

Our regional offices manage our commercial activities in:

- Africa: Johannesburg, South Africa.
- Americas: Los Angeles, New York, New Mexico, Puerto Rico.
- Asia Pacific: Bangkok, Hong Kong, Singapore.
- Europe: Tallinn, Estonia.

Local general managers are responsible for daily-to-day operations. Each country’s general manager has a local management team and local staff and enters into and manages the main contacts with local authorities. 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 wholly owned or majority owned in some way. The General Manager oversees each local business, supported by regional and country 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.
WE CONNECT CUSTOMERS
As the world turns faster and faster, we have the technology and know-how to provide energy solutions for our customers around the clock, connecting them to the next business opportunity, or even the adventure of a lifetime.
### FINANCIAL STATEMENTS

#### CONSOLIDATED STATEMENT OF INCOME

For the years ended 31 December

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in US$'000</td>
<td></td>
</tr>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from contracts with customers</td>
<td>17,000,887</td>
<td>15,181,302</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(16,461,331)</td>
<td>(14,509,496)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>539,556</td>
<td>671,807</td>
</tr>
<tr>
<td><strong>Selling and operating costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>(1,124,168)</td>
<td>(1,155,351)</td>
</tr>
<tr>
<td>Other operating income</td>
<td>9,012</td>
<td>19,683</td>
</tr>
<tr>
<td><strong>Other operating expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(17,279)</td>
<td>(20,307)</td>
</tr>
<tr>
<td><strong>Share of net profits and losses of associates</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>122,133</td>
<td>321,985</td>
</tr>
<tr>
<td><strong>Finance income</strong></td>
<td>137,003</td>
<td>57,336</td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td>(248,481)</td>
<td>(227,148)</td>
</tr>
<tr>
<td><strong>Net foreign exchange gains/(losses)</strong></td>
<td>9,694</td>
<td>(1,875)</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>20,249</td>
<td>150,298</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(11,237)</td>
<td>(41,976)</td>
</tr>
<tr>
<td><strong>Profit/(loss) for the year</strong></td>
<td>(10,192)</td>
<td>108,322</td>
</tr>
</tbody>
</table>

#### Attributable to:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners of the parent</td>
<td>(25,208)</td>
<td>96,674</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(3,774)</td>
<td>1,748</td>
</tr>
</tbody>
</table>

### FINANCIAL STATEMENTS

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in US$'000</td>
<td></td>
</tr>
<tr>
<td><strong>Profit/(loss) for the year</strong></td>
<td>(30,982)</td>
<td>108,422</td>
</tr>
<tr>
<td>Other comprehensive income/(loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations, net of tax</td>
<td>(649,215)</td>
<td>44,186</td>
</tr>
<tr>
<td>Loss on assets at fair value through other comprehensive income</td>
<td>(648)</td>
<td>(204)</td>
</tr>
<tr>
<td>Other income</td>
<td>9,600</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</strong></td>
<td>(640,283)</td>
<td>43,982</td>
</tr>
<tr>
<td>Remeasurement gains on defined benefit plans, net of tax</td>
<td>4,508</td>
<td>708</td>
</tr>
<tr>
<td><strong>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</strong></td>
<td>4,508</td>
<td>708</td>
</tr>
<tr>
<td><strong>Total comprehensive income/(loss) for the year, net of tax</strong></td>
<td>(666,757)</td>
<td>153,112</td>
</tr>
</tbody>
</table>

#### Attributable to:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners of the parent</td>
<td>(656,357)</td>
<td>141,206</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(10,400)</td>
<td>13,900</td>
</tr>
</tbody>
</table>
### FINANCIAL STATEMENTS

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the years ended 31 December

<table>
<thead>
<tr>
<th>In US$'000</th>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>11</td>
<td>3,158,720</td>
<td>3,614,424</td>
</tr>
<tr>
<td>Intangible assets and goodwill</td>
<td>12</td>
<td>1,275,008</td>
<td>1,453,860</td>
</tr>
<tr>
<td>Investments in associates</td>
<td>8.2</td>
<td>39,932</td>
<td>49,204</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>15</td>
<td>88,639</td>
<td>95,769</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>10.5</td>
<td>109,940</td>
<td>115,723</td>
</tr>
<tr>
<td>Other assets</td>
<td>16</td>
<td>121,719</td>
<td>121,868</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td><strong>4,791,958</strong></td>
<td><strong>5,448,848</strong></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>14</td>
<td>909,662</td>
<td>1,087,977</td>
</tr>
<tr>
<td>Other assets</td>
<td>16</td>
<td>386,294</td>
<td>347,375</td>
</tr>
<tr>
<td>Income tax receivable</td>
<td>10.4</td>
<td>15,354</td>
<td>18,002</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>17</td>
<td>834,252</td>
<td>654,255</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>15</td>
<td>89,018</td>
<td>36,031</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>18</td>
<td>664,696</td>
<td>519,204</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td><strong>2,879,536</strong></td>
<td><strong>2,665,845</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td><strong>7,671,494</strong></td>
<td><strong>8,112,691</strong></td>
</tr>
</tbody>
</table>

#### Equity and liabilities

**Equity**

- Share capital | 20 | 2,054,166 | 2,054,166 |
- Retained earnings | | 662,302 | 709,396 |
- Foreign currency translation reserve | | (13,767,670) | (817,771) |
- Other components of equity | | 104,931 | 186,817 |
- **Equity attributable to owners of the parent** | | **1,448,157** | **2,191,504** |

**Non-controlling interests**

- 185,909 | 183,100 |
- **Total equity** | **1,634,066** | **2,374,604** |

**Non-current Liabilities**

- Interest-bearing loans and borrowings | 21 | 2,626,503 | 2,791,690 |
- Retirement benefit obligations | | 2,121 | 5,566 |
- Other financial liabilities | | 10,103 | 37,990 |
- Deferred tax liabilities | 10.5 | 54,842 | 62,232 |
- Provisions | 22 | 41,444 | 52,886 |
- **Total non-current liabilities** | | **2,938,813** | **2,940,284** |

**Current liabilities**

- Trade and other payables | 24 | 2,598,873 | 2,078,308 |
- Interest-bearing loans and borrowings | 21 | 457,032 | 754,261 |
- Other financial liabilities | 23 | 40,799 | 61,601 |
- Income tax payable | 10.4 | 40,051 | 37,681 |
- Provisions | 22 | 14,880 | 16,088 |
- **Total current liabilities** | | **3,191,735** | **2,909,803** |
- **Total liabilities** | | **6,090,548** | **5,850,087** |
- **Total equity and liabilities** | | **7,671,494** | **8,112,691**

### FINANCIAL STATEMENTS

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December

| | In US$'000 | Notes | Share capital | Retained earnings | Foreign currency translation reserve | Other components of equity | Total | Non-controlling interests | Total equity |
| | | | | | | | | | |
| **At 1 January 2018** | | 2,054,166 | | 709,106 | | (817,771) | | 185,813 | | 2,131,504 |
| **Profit for the year** | | - | | - | | - | | - | | 213,504 |
| **Other comprehensive income/(loss)** | | - | | - | | - | | - | | 11,100 |
| **Total comprehensive income** | | - | | - | | - | | - | | 224,604 |
| **Dividends** | | - | | - | | - | | - | | - |
| **Acquisitions/disposals of non-controlling interests** | 6.5 | - | | - | | - | | - | | 12 |
| **Deemed distribution to shareholders** | | | | | | - | | - | | - |
| **Share-based payments** | | | | | | - | | - | | - |
| **Acquisition of subsidiary** | | 6.2 | | - | | - | | - | | 89,018 |
| **At 31 December 2018** | | 2,054,166 | | 809,106 | | (817,771) | | 185,813 | | 2,262,604 |

#### Notes

(i) The line deemed distribution reflects buy-backs of shares made in relation to the Group's employee share plan (US$4.1 million) and the financing of the acquisition of Puma Energy Holdings Pte Ltd shares by its shareholder PE ESP Ltd for the share-based payment scheme.

(ii) The line share-based payments includes the costs accrued during the year for the employee share plan.

(iii) Mainly includes the impact of the first-time adoption of the expected credit loss model, in line with IFRS 9.
### FINANCIAL STATEMENTS

#### CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 December

<table>
<thead>
<tr>
<th>in US$'000</th>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td></td>
<td>20,349</td>
<td>150,398</td>
</tr>
<tr>
<td>Non-cash adjustments to reconcile profit before tax to net cash flows:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and impairment of property and equipment</td>
<td></td>
<td>9.2, 11</td>
<td>359,853</td>
</tr>
<tr>
<td>Amortisation and impairment of intangible assets</td>
<td></td>
<td>9.2, 12</td>
<td>79,604</td>
</tr>
<tr>
<td>Gain on disposal of assets and investments</td>
<td></td>
<td>9.4</td>
<td>(138)</td>
</tr>
<tr>
<td>Net interest expense</td>
<td></td>
<td>9.5, 8, 6, 4</td>
<td>28,215</td>
</tr>
<tr>
<td>Dividend income</td>
<td></td>
<td>9.5</td>
<td>(3,750)</td>
</tr>
<tr>
<td>Share of net profit of associate</td>
<td></td>
<td>8.2</td>
<td>(6,166)</td>
</tr>
<tr>
<td>Provisions</td>
<td></td>
<td>(1,197)</td>
<td>797</td>
</tr>
<tr>
<td>Changes in value of derivative financial instruments</td>
<td></td>
<td></td>
<td>(120,685)</td>
</tr>
<tr>
<td>Gain on bond exchange/modification of private placement</td>
<td></td>
<td>9.5</td>
<td>(1,803)</td>
</tr>
<tr>
<td>Effect from hyperinflation adjustment</td>
<td></td>
<td>9.5</td>
<td>(83,998)</td>
</tr>
<tr>
<td>Working capital adjustments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/decrease in trade, other payables and receivables</td>
<td></td>
<td>(347,920)</td>
<td>(20,668)</td>
</tr>
<tr>
<td>(Increase) in inventories</td>
<td></td>
<td>10,303</td>
<td>(357,477)</td>
</tr>
<tr>
<td>Increase in trade, other payables and accrued expenses</td>
<td></td>
<td>44,768</td>
<td>314,302</td>
</tr>
<tr>
<td>Interest received</td>
<td></td>
<td>9.5</td>
<td>2,317</td>
</tr>
<tr>
<td>Dividends received from associates</td>
<td></td>
<td>9.5</td>
<td>2,317</td>
</tr>
<tr>
<td>Income tax paid</td>
<td></td>
<td></td>
<td>(50,070)</td>
</tr>
<tr>
<td>Net cash flows from operating activities</td>
<td></td>
<td></td>
<td>927,300</td>
</tr>
<tr>
<td>Investing activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net proceeds from sale of subsidiaries and investments</td>
<td></td>
<td>6.6</td>
<td>25,290</td>
</tr>
<tr>
<td>Proceeds from sale of assets</td>
<td></td>
<td></td>
<td>6,759</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td></td>
<td>12</td>
<td>(16,767)</td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td></td>
<td>11</td>
<td>(262,541)</td>
</tr>
<tr>
<td>Cash inflows from change in consolidation method</td>
<td></td>
<td>6.5</td>
<td>-</td>
</tr>
<tr>
<td>Acquisitions of subsidiaries, net of cash acquired</td>
<td></td>
<td>6.3</td>
<td>(4,165)</td>
</tr>
<tr>
<td>Investments in associates and financial investments</td>
<td></td>
<td>6.15</td>
<td>(3,656)</td>
</tr>
<tr>
<td>Dividends received</td>
<td></td>
<td>9.5</td>
<td>3,730</td>
</tr>
<tr>
<td>Net cash flows used in investing activities</td>
<td></td>
<td></td>
<td>(247,694)</td>
</tr>
<tr>
<td>Financing activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans (granted)/repaid</td>
<td></td>
<td>21</td>
<td>(435)</td>
</tr>
<tr>
<td>Proceeds from (repayment of) borrowings</td>
<td></td>
<td>21</td>
<td>(938,624)</td>
</tr>
<tr>
<td>Proceeds from bond issuance</td>
<td></td>
<td>21</td>
<td>750,000</td>
</tr>
<tr>
<td>Interest paid</td>
<td></td>
<td>21</td>
<td>(238,172)</td>
</tr>
<tr>
<td>Divestment/(acquisition) of non-controlling interests</td>
<td></td>
<td>6.5</td>
<td>(8,320)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td></td>
<td>17</td>
<td>(2,620)</td>
</tr>
<tr>
<td>Dividend distribution to shareholders</td>
<td></td>
<td></td>
<td>(18,157)</td>
</tr>
<tr>
<td>Net cash flows from/(used in) financing activities</td>
<td></td>
<td></td>
<td>(466,558)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td></td>
<td></td>
<td>213,048</td>
</tr>
<tr>
<td>Effects of exchange rate differences</td>
<td></td>
<td>9.2, 11, 9.3</td>
<td>(97,765)</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td></td>
<td>18</td>
<td>519,203</td>
</tr>
<tr>
<td>Cash and cash equivalents at 31 December</td>
<td></td>
<td>18</td>
<td>644,496</td>
</tr>
</tbody>
</table>

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 #38-00, One Marina Boulevard, Singapore 018989.

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

The Group is owned by Trafigura PE Holding Ltd (49.41%), Sonangol Holdings Ltda (27.99%), Cochan Holdings LLC (15.48%) and other investors (7.52%).

2. Accounting methods

2.1 Basis of preparation

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

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

The Group had current assets of US$2,880 million and current liabilities of US$3,952 million at 31 December 2018 (2017: current assets of US$2,964 million and current liabilities of US$2,910 million). Despite the fact that the Group’s current liabilities exceeded the Group’s current assets, the Group has access to various undrawn loan facilities as described in Note 27.2 and therefore the Group's consolidated financial statements have been prepared on a going concern basis.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The Group has all of the following: the ability to use its power over the investee to affect its returns; 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 the investor the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if in 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, incomes, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

Subsidiaries whose functional currencies have experienced a cumulative inflation rate of close to 100% over the past three years apply the rules of IAS 29 Financial Reporting in Hyperinflationary Economies. Gains or losses incurred upon adjusting the carrying amounts of the Group’s investments in subsidiaries to their fair value at the date of the Group’s initial recognition in the income statement. The subsidiaries in Angola apply the rules of IAS 29 to the extent the subsidiaries had also been measured in the balance sheet line in line with the requirements of IAS 29.

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

2.3 Summary of significant accounting policies

- **a) Business combinations**

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

2. Accounting methods continued
2.3 Summary of significant accounting policies continued

b) Foreign currency translation

– The assets and liabilities, and the revaluations of the assets and liabilities assumed, are recognised at their fair value, except that:
  – Deferred tax assets or liabilities, and assets or liabilities related to employees’ benefit arrangements are recognised and measured in accordance with IAS 19 (Employee Benefits) respectively.
  – Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at their 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 in 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 consideration is measured at fair value 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 to the measurement date fair value of the acquiree’s identifiable net assets.

The choice of measurement basis is made in 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 consideration is measured at fair value 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 to the measurement date fair value of the acquiree’s identifiable net assets.

The choice of measurement basis is made in 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.

2.4 Significant accounting policies continued

b) Foreign currency translation

– The assets and liabilities, and the revaluations of the assets and liabilities assumed, are recognised at their fair value, except that:
  – Deferred tax assets or liabilities, and assets or liabilities related to employees’ benefit arrangements are recognised and measured in accordance with IAS 19 (Employee Benefits) respectively.
  – Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at their 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 in 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 consideration is measured at fair value 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 to the measurement date fair value of the acquiree’s identifiable net assets.

The choice of measurement basis is made in 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 consideration is measured at fair value 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 to the measurement date fair value of the acquiree’s identifiable net assets.

The choice of measurement basis is made in 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.
FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Accounting methods continued
2.3 Summary of significant accounting policies continued

(i) Property and equipment

Property and equipment is stated at cost, less accumulated depreciation, less 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 estimated cost of dismantling, decommissioning, 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. Accretion of interest on long-term lease payments is accounted for prospectively.

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 35 years
- Machinery and equipment 3 to 20 years
- Other fixed assets 15 to 30 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 separate assets. 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.

Goodwill and intangible assets with an indefinite useful life are subject to 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 impairment test 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.

(ii) Financial assets

Financial assets are classified, at initial acquisition, as subsequently measured at fair value through profit or loss, at amortised cost, or at 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 business model for managing them and on the contractual terms of the 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 (equity 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 irreversibly 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.

(iii) Financial liabilities

Gains and losses on 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 on initial recognition at fair value through profit or loss, or financial assets designated on initial recognition at amortised cost. Financial assets are classified as held for trading if they are acquired for the purpose of selling them in the near future. Derivatives, including separated embedded derivatives, are also classified as held for trading. Financial liabilities designated on initial recognition at fair value through profit or loss, irrespective of the business model for managing them, are measured at fair value through profit or loss and included in the statement of financial position at fair value with net changes in the statement 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) at the date of 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 substantially retained all the risks and rewards 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, either by transferring servicing rights or by recognising 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. Determination of the terms of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the transferred asset, including the associated liability, and the maximum amount the Group would consider that the Group could be required to repay.

Impairment of financial assets The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate (OEIR) plus an allowance for credit losses that reflects an assessment of all other relevant factors. The measurement of ECLs 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 contracts 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.

(iv) Financial liabilities

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 on initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling them in the near future. Derivatives, including separated embedded derivatives, are also classified as held for trading. Financial liabilities designated on initial recognition at fair value through profit or loss, irrespective of the business model for managing them, are measured at fair value through profit or loss and included in the statement of financial position at fair value with net changes in the statement recognised in the statement of profit or loss.

Derecognition A financial liability (or, where applicable, a part of a financial liability or part of a group of similar financial liabilities) is primarily derecognised (i) at the date of 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 substantially retained all the risks and rewards 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, either by transferring servicing rights or by recognising 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. Determination of the terms of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the transferred asset, including the associated liability, and the maximum amount the Group would consider that the Group could be required to repay.
FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Accounting methods continued
2.3 Summary of significant accounting policies continued

A financial liability is derecognised when the obligation under the contract is discharged, or the financial liability expires or is settled (or the obligation under the contract is transferred to another party). A financial liability is classified as 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.

j) Derivative financial instruments

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 contracts, directly 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

The Group applies the netting and offsetting provisions of IFRS 7. Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position is presented only if one of the following conditions is met:

1. The Group has a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.
2. Fair value of financial instruments

The fair values of financial instruments that are traded in active markets at each reporting date are 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.

k) Leases

The Group accounts for leases as a financial lease or an operating lease, depending on whether it is reasonable to determine whether the Group will have the right to renew the lease and/or, if at the present value of the minimum lease payments, Lease payments are apportioned between finance charges and reduction of the liability so as to achieve a constant rate of interest on the remaining balance of the liability. Each lease payment is apportioned between the Group as lessee and the Group as lessor.

2.4 Revenue and other income

Revenue from the sale of goods is recognised when the significant risks and responsibilities 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:

1. 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.
2. Revenue from time and materials contracts is recognised at the contract price, i.e., labour hours and direct expenses are incurred.

m) Leases

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

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group net investment in the lease. Financial assets are recognised at the present value of future cash receipts, with interest income from operating leases being recognised on a straight-line basis over the lease term.
2. Accounting methods continued

2.1 Summary of significant accounting policies continued

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 judgements regarding the adequacy of existing tax liabilities and such changes to tax liabilities will impact tax expense in the period in which such a determination is made.

2.2 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 the grant is made using an appropriate valuation model. These assumptions include 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 elapsed and the Group’s best estimate of the number of equity instruments that will vest over the vesting period. The amount 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 recognised at the acquisition date. The Group applies estimates and judgements to determine the fair value of assets acquired, the contingent liabilities recognised at the acquisition date and the recoverable amount of assets held at the acquisition date. These judgements and estimates are based on historical data and experience and current market conditions.

4. Significant events

Issues of US$750 million Senior Notes

In January 2018, the Group issued US$750.0 million of Senior Notes due 2024 with an annual coupon of 5.00% per annum. The notes will mature in 2026, and their proceeds have been used to redeem US$410.0 million outstanding under Puma Energy’s 6.75% Senior Notes due 2021.

5. Changes in accounting standards

New and amended standards and interpretations

In 2018, the Group adopted the following new or amended standards and interpretations for the first time:

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018).
- IFRIC Interpretation 22 Contingent Liabilities (effective for annual periods beginning on or after 1 January 2018).
- IFRIC Interpretation 23 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IAS 16: IFRS 16 (effective for annual periods beginning on or after 1 January 2019).

The adoption of these new or amended standards and interpretations did not have a material impact on the consolidated financial position or performance of the Group. The Group applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 1.59. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.
5. Changes in accounting standards continued

Standards issued but not yet effective

The standards and interpretations that have been issued or amended but not yet effective, up to the date of issuance of the Group’s consolidated financial statements are disclosed below. The Group intends to adopt the following standards, interpretations and amendments when they become effective, to the extent they are relevant to the Group.

– IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019).
– IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018).
– IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (effective 1 January 2019).
– Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date to be determined by the IASB).
– Amendments to IFRS 9 Prepayments Features with Negative Compensation (effective for annual periods on or after 1 January 2019).

With the exception of IFRS 16 Leases, for which the impact is still being assessed, the adoption of these issued or amended standards and interpretations is not expected to have a material impact on the consolidated financial position or performance of the Group.

6. Business combinations and acquisition of non-controlling interests

6.1a Subsidiaries acquired in 2018

The following table summarises those subsidiaries acquired in 2018:

<table>
<thead>
<tr>
<th>Subsidiaries acquired</th>
<th>Principal activity</th>
<th>Date of acquisition</th>
<th>Proportion of voting equity interests acquired</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, Lesotho</td>
<td>Fuel marketing and distribution</td>
<td>28 February 2018</td>
<td>100%</td>
</tr>
<tr>
<td>Petroci, Ivory Coast</td>
<td>Fuel marketing and distribution</td>
<td>19 September 2018</td>
<td>80%</td>
</tr>
</tbody>
</table>

6.1b Subsidiaries acquired in 2017

The following table summarises those subsidiaries acquired in 2017:

<table>
<thead>
<tr>
<th>Subsidiaries acquired</th>
<th>Principal activity</th>
<th>Date of acquisition</th>
<th>Proportion of voting equity interests acquired</th>
</tr>
</thead>
<tbody>
<tr>
<td>BP Northern Ireland,</td>
<td>Fuel storage</td>
<td>1 February 2017</td>
<td>100%</td>
</tr>
<tr>
<td>storage business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tropifuels SA</td>
<td>Fuel marketing and distribution</td>
<td>31 July 2017</td>
<td>100%</td>
</tr>
<tr>
<td>Admore Gas (Private)</td>
<td>Fuel marketing and distribution</td>
<td>31 December 2017</td>
<td>51%</td>
</tr>
<tr>
<td>Ltd</td>
<td>Fuel supply</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rutile Investments Ltd</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

6.2a Assets and liabilities recognised at date of acquisition in 2018

The provisional fair value of the identifiable assets and liabilities of the entities acquired at the date of acquisition was:

<table>
<thead>
<tr>
<th></th>
<th>Downstream segment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,335</td>
<td>1,335</td>
</tr>
<tr>
<td>Other current assets</td>
<td>1,429</td>
<td>1,429</td>
</tr>
<tr>
<td>Property and equipment (Note 11)</td>
<td>21,395</td>
<td>21,395</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>580</td>
<td>580</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(1,461)</td>
<td>(1,461)</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>(525)</td>
<td>(525)</td>
</tr>
<tr>
<td>Total identifiable net assets acquired at fair value</td>
<td>22,753</td>
<td>22,753</td>
</tr>
<tr>
<td>Non-controlling interest measured at the proportionate share of the acquiree’s net assets</td>
<td>(3,819)</td>
<td>(3,819)</td>
</tr>
<tr>
<td>Net assets acquired</td>
<td>18,934</td>
<td>18,934</td>
</tr>
<tr>
<td>Goodwill arising on acquisition</td>
<td>1,842</td>
<td>1,842</td>
</tr>
<tr>
<td>Gain on business combination</td>
<td>(9,536)</td>
<td>(9,536)</td>
</tr>
<tr>
<td>Purchase consideration</td>
<td>11,240</td>
<td>11,240</td>
</tr>
</tbody>
</table>

(1) 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. Business combinations and acquisition of non-controlling interests continued

#### 6.4 Pro forma impact of 2018 acquisitions on the results of the Group

<table>
<thead>
<tr>
<th>Segment</th>
<th>Midstream Segment</th>
<th>Downstream Segment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>-</td>
<td>27,888</td>
<td>27,888</td>
</tr>
<tr>
<td>Other current assets</td>
<td>-</td>
<td>2,964</td>
<td>2,964</td>
</tr>
<tr>
<td>Property and equipment (Note 11)</td>
<td>22,006</td>
<td>24,974</td>
<td>46,980</td>
</tr>
<tr>
<td>Intangibles (Note 12)</td>
<td>3,921</td>
<td>1,243</td>
<td>5,164</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>-</td>
<td>826</td>
<td>826</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>(26,346)</td>
<td>(26,346)</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>-</td>
<td>(11,367)</td>
<td>(11,367)</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>-</td>
<td>(7,444)</td>
<td>(7,444)</td>
</tr>
<tr>
<td><strong>Total identifiable net assets acquired at fair value</strong></td>
<td>25,927</td>
<td>12,638</td>
<td>38,565</td>
</tr>
<tr>
<td><strong>Non-controlling interest measured at the proportionate share of the acquirer's net assets</strong></td>
<td>-</td>
<td>(6,780)</td>
<td>(6,780)</td>
</tr>
<tr>
<td><strong>Net assets acquired</strong></td>
<td>25,927</td>
<td>5,858</td>
<td>31,785</td>
</tr>
<tr>
<td><strong>Goodwill arising on acquisition</strong></td>
<td>-</td>
<td>37,249</td>
<td>37,249</td>
</tr>
<tr>
<td><strong>Purchase consideration</strong></td>
<td>25,927</td>
<td>43,207</td>
<td>69,134</td>
</tr>
</tbody>
</table>

#### Notes to the Consolidated Financial Statements continued

**ii)** Includes the disposal of Puma Energy’s operations in Peru.

**i)** Includes the disposal of a 20% stake in Langsat (One) and (Two).

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$3.5 million have been expensed (included in selling and operating costs) and are part of the operating cashflows in the consolidated statement of cash flows.

#### 6.3 Cash flow on acquisitions

**6.3a Cash flow on acquisitions in 2018**

The cash flow on acquisitions made in 2018 is summarised below:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Midstream Segment</th>
<th>Downstream Segment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>-</td>
<td>1,335</td>
<td>1,335</td>
</tr>
<tr>
<td>Assets contributed</td>
<td>-</td>
<td>5,760</td>
<td>5,760</td>
</tr>
<tr>
<td><strong>Net cash outflow</strong></td>
<td>(4,365)</td>
<td>(4,365)</td>
<td></td>
</tr>
</tbody>
</table>

**i)** Includes the acquisition of BP in Northern Ireland.

**ii)** Includes the acquisition of Tropifuels in Panama, Rutile Investments in Africa and Admore in Pakistan.

#### 6.3b Cash flow on acquisitions in 2017

The cash flow on acquisitions made in 2017 is summarised below:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Midstream Segment</th>
<th>Downstream Segment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalent acquired</td>
<td>-</td>
<td>3,285</td>
<td>3,285</td>
</tr>
<tr>
<td>Cash and cash equivalent acquired</td>
<td>-</td>
<td>2,549</td>
<td>2,549</td>
</tr>
<tr>
<td><strong>Net cash outflow</strong></td>
<td>(23,378)</td>
<td>(14,637)</td>
<td>(38,015)</td>
</tr>
</tbody>
</table>

**i)** Includes the acquisition of BP in Northern Ireland.

**ii)** Includes the acquisition of Tropifuels in Panama, Rutile Investments in Africa and Admore in Pakistan.

### 6.6 Non-controlling interests acquired continued

<table>
<thead>
<tr>
<th>Segment</th>
<th>Midstream Segment</th>
<th>Downstream Segment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increase/(decrease) in non-controlling interests</strong></td>
<td>(5,454)</td>
<td>17,827</td>
<td>16,373</td>
</tr>
<tr>
<td>Change in retained earnings from non-controlling interest purchased</td>
<td>-</td>
<td>(10,581)</td>
<td>(10,581)</td>
</tr>
<tr>
<td>Loan granted/ (assets contributed)</td>
<td>1,454</td>
<td>(9,284)</td>
<td>(7,830)</td>
</tr>
<tr>
<td>Foreign currency effects</td>
<td>-</td>
<td>717</td>
<td>717</td>
</tr>
<tr>
<td><strong>Purchase consideration</strong></td>
<td>-</td>
<td>(8,321)</td>
<td>(8,321)</td>
</tr>
</tbody>
</table>

**i)** Includes a reduction in share capital at AS Alexela Logistics.

**ii)** Includes the repurchase of a 25% stake in Puma Energy South Africa Pty Ltd, the sale of a 20% stake in Puma Energy Distribution Côte d’Ivoire SRL and the contribution of 25% of our Puma Energy Côte d’Ivoire SA operations in exchange of an 80% stake in the Petrolci retail network.

#### 6.6b Non-controlling interests acquired in 2017

During 2017, the Group assessed that it effectively held control over National Energy Puma Aviation Services Co Ltd in Myanmar, and started to consolidate this subsidiary. The fair value of the identifiable assets and liabilities at the date of consolidation were:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Midstream Segment</th>
<th>Downstream Segment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>-</td>
<td>31,262</td>
<td>31,262</td>
</tr>
<tr>
<td>Other current assets</td>
<td>-</td>
<td>8,582</td>
<td>8,582</td>
</tr>
<tr>
<td>Property and equipment (Note 11)</td>
<td></td>
<td></td>
<td>50,471</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>(11,621)</td>
<td>(11,621)</td>
</tr>
<tr>
<td><strong>Total identifiable net assets at fair value</strong></td>
<td>76,494</td>
<td>76,494</td>
<td></td>
</tr>
<tr>
<td><strong>Changes in non-controlling interests</strong></td>
<td>(15,342)</td>
<td>(15,342)</td>
<td></td>
</tr>
<tr>
<td><strong>Restatement of investment in associates (Note 8)</strong></td>
<td>(37,743)</td>
<td>(37,743)</td>
<td></td>
</tr>
</tbody>
</table>

**i)** Includes the assets and liabilities of National Energy Puma Aviation Services Co Ltd in Myanmar, at the date of consolidation.

#### 6.6 Sale of assets and investments

During 2018, the Group disposed of the following subsidiaries and investments.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Midstream Segment</th>
<th>Downstream Segment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>-</td>
<td>(735)</td>
<td>(735)</td>
</tr>
<tr>
<td>Inventories</td>
<td>-</td>
<td>(308)</td>
<td>(308)</td>
</tr>
<tr>
<td>Receivables</td>
<td>-</td>
<td>(18,327)</td>
<td>(18,327)</td>
</tr>
<tr>
<td>Property and equipment (Note 11)</td>
<td>-</td>
<td>(4,466)</td>
<td>(4,466)</td>
</tr>
<tr>
<td>Investments in associates (Note 8)</td>
<td>(17,581)</td>
<td>(17,581)</td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>19,643</td>
<td>19,643</td>
</tr>
<tr>
<td><strong>Total assets disposed of</strong></td>
<td>(20,400)</td>
<td>(1,394)</td>
<td>(21,794)</td>
</tr>
<tr>
<td><strong>Accumulated translation gains/(losses)</strong></td>
<td>(2,990)</td>
<td>406</td>
<td>(2,584)</td>
</tr>
<tr>
<td><strong>(Loss)/gain on disposal</strong></td>
<td>29</td>
<td>(481)</td>
<td>(452)</td>
</tr>
<tr>
<td><strong>Sales proceeds</strong></td>
<td>24,005</td>
<td>3,519</td>
<td>27,524</td>
</tr>
</tbody>
</table>

**i)** Includes the disposal of a 20% stake in Langsat (One) and (Two).

**ii)** Includes the disposal of Puma Energy’s operations in Peru.

#### 6.4 Pro forma impact of 2018 acquisitions on the results of the Group

None of the businesses acquired during 2018 had a material impact on sales and operating profit of the Group.

#### 6.4a Pro forma impact of 2018 acquisitions on the results of the Group

None of the businesses acquired during 2017 had a material impact on sales and operating profit of the Group.
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 segment.

Selection 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**

### 7. Geographic information

#### 7.1 Segment information

For management purposes, the Group is organised into business units based on products and services and has two reportable segments as follows:

- Midstream business activities that include refining and storage of oil and gas products internationally.
- Downstream business activities that include distribution, wholesale and retail sales of refined products.

No operating segments have been aggregated to form the above reportable operating segments.

The Group Executive Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Transfer prices between operating segments are based on terms determined by the Group’s management.

#### 7.2 Geographic information

The Group is organised in four main regions:

- Americas (mainly composed of Latin America and Caribbean)
- Asia-Pacific (including Middle East and Australia)
- Africa
- Europe (including Russia)

<table>
<thead>
<tr>
<th>Region</th>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>Africa</th>
<th>Europe</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from customers</td>
<td>4,393,741</td>
<td>3,979,745</td>
<td>3,081,259</td>
<td>1,462,130</td>
<td>10,917,875</td>
</tr>
<tr>
<td>Gross profit</td>
<td>255,416</td>
<td>446,101</td>
<td>203,067</td>
<td>120,622</td>
<td>823,201</td>
</tr>
<tr>
<td>Selling and operating costs</td>
<td>787,984</td>
<td>816,519</td>
<td>522,987</td>
<td>294,084</td>
<td>2,423,573</td>
</tr>
<tr>
<td>Other operating income/(expenses), net</td>
<td>-8,267</td>
<td>-1,281</td>
<td>1,834</td>
<td>1,240</td>
<td>-1,750</td>
</tr>
<tr>
<td>Share of net profits of associates</td>
<td>1,272</td>
<td>2,204</td>
<td>2,256</td>
<td>242</td>
<td>6,960</td>
</tr>
<tr>
<td>Operating profit</td>
<td>7,139</td>
<td>6,060</td>
<td>3,803</td>
<td>2,560</td>
<td>19,562</td>
</tr>
</tbody>
</table>

#### Year ended 31 December 2018

<table>
<thead>
<tr>
<th>Segment</th>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>Africa</th>
<th>Europe</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from contracts with customers</td>
<td>89,863,000</td>
<td>58,191,000</td>
<td>45,488,000</td>
<td>44,968,000</td>
<td>238,610,000</td>
</tr>
<tr>
<td>Gross profit</td>
<td>17,828,000</td>
<td>12,115,000</td>
<td>9,158,000</td>
<td>7,980,000</td>
<td>54,171,000</td>
</tr>
<tr>
<td>Selling and operating costs</td>
<td>28,704,000</td>
<td>22,159,000</td>
<td>17,967,000</td>
<td>15,824,000</td>
<td>84,554,000</td>
</tr>
<tr>
<td>Other operating income/(expenses), net</td>
<td>-3,759</td>
<td>-2,671</td>
<td>-1,281</td>
<td>-1,281</td>
<td>-9,412</td>
</tr>
<tr>
<td>Share of net profits of associates</td>
<td>3,670</td>
<td>6,352</td>
<td>7,522</td>
<td>7,522</td>
<td>25,066</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,272</td>
<td>2,204</td>
<td>2,256</td>
<td>242</td>
<td>6,960</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>Africa</th>
<th>Europe</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,909,803</td>
<td>2,663,843</td>
<td>6,552</td>
<td>12</td>
<td>8,704</td>
</tr>
</tbody>
</table>

#### Year ended 31 December 2017

<table>
<thead>
<tr>
<th>Segment</th>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>Africa</th>
<th>Europe</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from contracts with customers</td>
<td>81,620,000</td>
<td>49,078,000</td>
<td>39,325,000</td>
<td>38,382,000</td>
<td>207,405,000</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,820,783</td>
<td>1,465,882</td>
<td>1,029,082</td>
<td>842,833</td>
<td>5,211,580</td>
</tr>
<tr>
<td>Selling and operating costs</td>
<td>30,060,000</td>
<td>23,846,000</td>
<td>18,645,000</td>
<td>17,371,000</td>
<td>99,908,000</td>
</tr>
<tr>
<td>Other operating income/(expenses), net</td>
<td>-6,803</td>
<td>-3,759</td>
<td>-1,281</td>
<td>-1,281</td>
<td>-9,412</td>
</tr>
<tr>
<td>Share of net profits of associates</td>
<td>1,373</td>
<td>2,204</td>
<td>2,256</td>
<td>242</td>
<td>6,960</td>
</tr>
<tr>
<td>Operating profit</td>
<td>81,620</td>
<td>34,233</td>
<td>2,256</td>
<td>242</td>
<td>121,377</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>Africa</th>
<th>Europe</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>15,069</td>
<td>16,834</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
8. Investments in associates

The following table summarises the Group’s investments in associates for the years ended 31 December 2018 and 2017. None of the entities included below is listed on any public exchange.

8.1 List of investments

<table>
<thead>
<tr>
<th>Associate name</th>
<th>Activity</th>
<th>Location</th>
<th>Proportion of voting interests held at 31 December</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empresa Cubana de Gas</td>
<td>Fuel marketing</td>
<td>Caribbean</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Puma Energy Refini Ltd</td>
<td>Storage</td>
<td>United Kingdom</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Emoil Petroleum Storage FZCO</td>
<td>Storage</td>
<td>United Arab Emirates</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Langsat Terminal (One) Sdn Bhd</td>
<td>Storage</td>
<td>Malaysia</td>
<td>-</td>
<td>-20%</td>
<td>-20%</td>
</tr>
<tr>
<td>Langsat Terminal (Two) Sdn Bhd</td>
<td>Storage</td>
<td>Malaysia</td>
<td>-</td>
<td>-20%</td>
<td>-20%</td>
</tr>
<tr>
<td>Oil Malai SA</td>
<td>Storage</td>
<td>Chile</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Sakunda Petroleum Pte Ltd</td>
<td>Fuel marketing</td>
<td>Zimbabwe</td>
<td>49%</td>
<td>49%</td>
<td>49%</td>
</tr>
<tr>
<td>Fuel Distributors of Western Australia Pty Ltd</td>
<td>Fuel supply and carriage</td>
<td>Australia</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Bintan Storage Services (WA) Pty Ltd (Australia)</td>
<td>Storage</td>
<td>Australia</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Phoenix Petroleum Pte Ltd</td>
<td>Fuel supply and carriage</td>
<td>Australia</td>
<td>-</td>
<td>-50%</td>
<td>-50%</td>
</tr>
<tr>
<td>Phoenix Petroleum Unit Trust</td>
<td>Fuel supply and carriage</td>
<td>Australia</td>
<td>-</td>
<td>-50%</td>
<td>-50%</td>
</tr>
<tr>
<td>RAM Petroleum (Pty) Ltd</td>
<td>Fuel supply</td>
<td>Singapore</td>
<td>48%</td>
<td>48%</td>
<td>48%</td>
</tr>
<tr>
<td>High Heat Tankers Pte. Ltd</td>
<td>Shipment of high heat liquid products</td>
<td>Singapore</td>
<td>50%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(i) The Group disposed of its investments in Langsat Terminal (One) and (Two) during 2018.
(ii) Phoenix Petroleum Pte Ltd and Phoenix Petroleum Unit Trust have been liquidated during 2018.

8.2 Associates summarised financial information

The following table illustrates summarised financial information of the Group’s investments in associates, which apply the same reporting dates and periods as the Group:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Proportion of voting interests held at 31 December</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from contracts with customers</td>
<td></td>
<td>US$'000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>19,920,887</td>
<td>18,181,302</td>
</tr>
</tbody>
</table>

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

9. Consolidated statement of income

9.1 Net sales

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales of goods</td>
<td>17,479,964</td>
</tr>
<tr>
<td>Selling of services</td>
<td>440,923</td>
</tr>
<tr>
<td>Revenue from contracts with customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>18,920,887</td>
</tr>
</tbody>
</table>

9.2 Selling and operating costs

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total costs</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
</tr>
<tr>
<td>Finance costs</td>
<td></td>
</tr>
</tbody>
</table>

9.3 General and administrative expenses

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee benefit expenses</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
</tr>
<tr>
<td>Total general and administrative expenses</td>
<td></td>
</tr>
</tbody>
</table>

9.4 Other operating income/(expenses)

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gains on disposal of assets and investments</td>
<td></td>
</tr>
<tr>
<td>Losses on non-operating income</td>
<td></td>
</tr>
<tr>
<td>Total other operating income</td>
<td></td>
</tr>
</tbody>
</table>

9.5 Finance income

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income</td>
<td></td>
</tr>
<tr>
<td>Interest income on other loans and finance lease receivables</td>
<td></td>
</tr>
<tr>
<td>Dividend income</td>
<td></td>
</tr>
<tr>
<td>Gain on hyperinflation</td>
<td></td>
</tr>
<tr>
<td>Gain on bond exchange/modification of private placement</td>
<td></td>
</tr>
<tr>
<td>Gain on financial instruments at FVPL</td>
<td></td>
</tr>
<tr>
<td>Total finance income</td>
<td></td>
</tr>
</tbody>
</table>

9.6 Finance costs

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total finance costs</td>
<td></td>
</tr>
<tr>
<td>Interest on loans and borrowings from third parties</td>
<td></td>
</tr>
<tr>
<td>Interest on loans and borrowings from related parties</td>
<td></td>
</tr>
<tr>
<td>Other financial costs</td>
<td></td>
</tr>
</tbody>
</table>

9.7 Net foreign exchange gains/(losses)

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial FX gains/(losses)</td>
<td></td>
</tr>
<tr>
<td>Net gain/(loss) on FX derivatives</td>
<td></td>
</tr>
<tr>
<td>Net foreign exchange gains/(losses)</td>
<td></td>
</tr>
</tbody>
</table>
### 10. Income tax

#### 10.1 Current income tax expense

The major components of income tax expense for the years ended 31 December 2018 and 2017 were:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current income tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current income tax</td>
<td>49,713</td>
<td>48,186</td>
</tr>
<tr>
<td>Adjustments in respect of current income tax of previous year</td>
<td>3,203</td>
<td>(1,583)</td>
</tr>
<tr>
<td>Current income tax</td>
<td>52,916</td>
<td>46,603</td>
</tr>
<tr>
<td>Deferred tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relating to origination and reversal of temporary differences</td>
<td>(1,787)</td>
<td>(1,276)</td>
</tr>
<tr>
<td>Withholding tax</td>
<td>4,213</td>
<td>6,549</td>
</tr>
<tr>
<td>Income tax expense reported in the consolidated statement of income</td>
<td>61,531</td>
<td>48,870</td>
</tr>
</tbody>
</table>

#### 10.2 Income tax recognised directly in other comprehensive income

Income tax relating to investments made by the Group that resulted in the development of local infrastructure.

#### 10.3 Reconciliation of accounting profit to income tax expense

The Group’s effective tax rate differs from the Company’s statutory income tax rate in Singapore, which was 17% in 2018 (2017: 17%) due to the Group operating in several jurisdictions. A reconciliation between tax expense and the product of accounting profit multiplied by the Group’s statutory blended income tax rate of jurisdictions the Group operates in for the years ended 31 December 2018 and 2017 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax expense at expected statutory rate</td>
<td>(25,106)</td>
<td>(36,604)</td>
</tr>
<tr>
<td>Permanent differences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-deductible expenses</td>
<td>(50,546)</td>
<td>(45,289)</td>
</tr>
<tr>
<td>Other non-taxable income</td>
<td>3,150</td>
<td>5,340</td>
</tr>
<tr>
<td>Capital Gains or Losses</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Income exempt or subject to specific tax holidays</td>
<td>6,423</td>
<td>45,007</td>
</tr>
<tr>
<td>Other permanent differences</td>
<td>(8,697)</td>
<td>13,993</td>
</tr>
<tr>
<td>Adjustment for countries not based on net taxable income</td>
<td>22,362</td>
<td>(8,724)</td>
</tr>
<tr>
<td>Adjustments recognised in the current year in relation to current income tax of previous years</td>
<td>(3,203)</td>
<td>1,583</td>
</tr>
<tr>
<td>Adjustments recognised in the current year in relation to deferred income tax of previous years</td>
<td>(1,869)</td>
<td>2,083</td>
</tr>
<tr>
<td>Impact of rate differences on deferred tax items</td>
<td>(1,726)</td>
<td>720</td>
</tr>
<tr>
<td>Effect of unrecognised and unused tax losses not recognised as deferred tax assets</td>
<td>(3,753)</td>
<td>(10,032)</td>
</tr>
<tr>
<td>Withholding tax</td>
<td>(4,213)</td>
<td>(6,549)</td>
</tr>
<tr>
<td>Minimum tax and surtax</td>
<td>(3,665)</td>
<td>(4,257)</td>
</tr>
<tr>
<td>Rate difference impacts</td>
<td>(32)</td>
<td>(72)</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>(1,799)</td>
<td>768</td>
</tr>
<tr>
<td>At the effective income tax rate of 25% (2017: 28%)</td>
<td>(11,131)</td>
<td>(4,743)</td>
</tr>
</tbody>
</table>

#### 10.4 Current tax assets and liabilities

Current income taxes are computed on the profit before tax presented in the consolidated statement of income adjusted to taxable profit in accordance with local tax legislation.

Current tax assets relate to prepaid income tax. Current tax liabilities relate to income tax payable.

#### 10.5 Deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following:

<table>
<thead>
<tr>
<th></th>
<th>Consolidated statement of financial position</th>
<th>Consolidated statement of income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Accelerated depreciation for tax purposes</td>
<td>(25,922)</td>
<td>(30,500)</td>
</tr>
<tr>
<td>Revaluations</td>
<td>(50,682)</td>
<td>(41,800)</td>
</tr>
<tr>
<td>Losses</td>
<td>126,470</td>
<td>146,893</td>
</tr>
<tr>
<td>Other temporary differences</td>
<td>(14,768)</td>
<td>(23,742)</td>
</tr>
<tr>
<td>Deferred tax expense/(income)</td>
<td>(6,681)</td>
<td>(15,274)</td>
</tr>
<tr>
<td>Deferred tax assets/(liabilities), net</td>
<td>55,098</td>
<td>51,491</td>
</tr>
</tbody>
</table>

Reconciliation of net deferred tax assets/(liabilities) in US$’000

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance at 1 January</td>
<td>51,491</td>
<td>40,995</td>
</tr>
<tr>
<td>Tax income recognised in profit or loss during the year</td>
<td>6,777</td>
<td>14,889</td>
</tr>
<tr>
<td>Change in tax rate recognised in profit or loss during the year</td>
<td>481</td>
<td>(1,613)</td>
</tr>
<tr>
<td>Transfers</td>
<td>(1,401)</td>
<td>(379)</td>
</tr>
<tr>
<td>Other movements during the year</td>
<td>(2,100)</td>
<td>(405)</td>
</tr>
<tr>
<td>Closing balance at 31 December</td>
<td>55,098</td>
<td>51,491</td>
</tr>
</tbody>
</table>

At 31 December 2018, the Group had unrecognised tax loss carry forwards amounting to US$240.8 million (2017: US$166.0 million). These losses relate to subsidiaries that have had historical losses, which have an expiry date of more than four years. These losses may not be used to offset taxable income elsewhere in the Group and where the subsidiaries have no taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

At 31 December 2018, the Group had unrecognised other temporary differences amounting to US$0.9 million (2017: US$0.8 million). These temporary differences have no expiry date. If the Group was able to recognise all unrecognised deferred tax assets, profit would increase by US$56.9 million (2017: US$45.5 million).

#### 10.6 Tax uncertainties

The Group operates in numerous jurisdictions worldwide resulting in cross-border intercompany transactions whereby the transfer pricing rules applied in one country have an impact on the results in another country. Due to complexity of tax rules, interpretation by local taxing authorities can differ from the Group’s interpretation based on opinions provided by local tax counsel.

In countries where the Group starts new operations or alters business models, the issue of having a permanent establishment and profit allocation therefore may arise. The risk is that tax authorities in multiple jurisdictions claim taxation rights over the same profit.

The Group operates in a multitude of jurisdictions and adheres to applicable local and international tax laws 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 fulfill local transfer pricing requirements. The Group’s effective tax rate – the average rate at which consolidated pre-tax profits are taxed – varies from year to year according to circumstances, but in 2018 it was 25.2% (2017: 27.86%). The difference in effective tax rate between the two years is explained by non-recognition of deferred tax assets relating to tax loss carry forwards.
## 11. Property and equipment

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td>1,224,889</td>
<td>1,977,905</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>737,935</td>
<td>751,783</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>173,935</td>
<td>158,783</td>
</tr>
<tr>
<td>Office and IT equipment</td>
<td>123,343</td>
<td>137,833</td>
</tr>
<tr>
<td>Fixed assets in progress</td>
<td>9,076</td>
<td>2,107</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,156,126</td>
<td>2,915,418</td>
</tr>
</tbody>
</table>

### 11.1. Land and buildings

- **Cost**: 2,156,126
- **Additions**: (39,131)
- **Depreciation**: 131,818
- **Amortisation charge for the year**: 1,991
- **Reversals of impairment**: (123)
- **Sale of interest in subsidiary**: 432

### 11.2. Machinery and equipment

- **Cost**: 2,156,126
- **Additions**: (47,512)
- **Depreciation**: 132,696
- **Amortisation charge for the year**: 953
- **Reversals of impairment**: 134

### 11.3. Motor vehicles

- **Cost**: 2,156,126
- **Additions**: (1,829)
- **Depreciation**: 11,318
- **Amortisation charge for the year**: 1,161

### 11.4. Office and IT equipment

- **Cost**: 2,156,126
- **Additions**: (13,670)
- **Depreciation**: 1,842
- **Amortisation charge for the year**: 134
- **Reversals of impairment**: (140)

### 11.5. Fixed assets in progress

- **Cost**: 2,156,126
- **Additions**: (11,199)
- **Depreciation**: 131,818
- **Amortisation charge for the year**: 1,991
- **Reversals of impairment**: (123)

*Notes:*
- (i) Includes the impact from hyperinflation adjustment in Angola, for a net amount of US$7.42 million (2017: US$5.82 million).
- Certain items included in property and equipment are pledged as collateral for the third-party loans granted to certain of the Group’s affiliates amounting to US$52 million (2017: US$57 million). The Group does not hold any property for investment purposes.
- Exchange rate adjustments reflect the translation affects from movements in foreign currencies against the US Dollar. All property, plant and equipment is valued at historic cost, and no revaluations are made, in line with Group policy.

## 12. Intangible assets and goodwill

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>37,349</td>
<td>22,241</td>
</tr>
<tr>
<td>Licences</td>
<td>986,161</td>
<td>74,367</td>
</tr>
<tr>
<td>Other intangibles(i)</td>
<td>3,320</td>
<td>2,999</td>
</tr>
</tbody>
</table>

### 12.1. Goodwill

- **Cost or valuation**: 3,320
- **Amortisation charge for the year**: (1,261)

### 12.2. Licences

- **Cost or valuation**: 2,999
- **Amortisation charge for the year** (i)****: (1,261)

### 12.3. Other intangibles

- **Cost or valuation**: 2,999
- **Amortisation charge for the year**: (1,261)

*Notes:*
- (i) Other intangible assets mainly include assets and land held under long-term lease agreements, as well as various intangible assets such as supply rights, or concessions.
- (ii) Includes the impact from hyperinflation adjustment in Angola, for a net amount of US$8.8 million (2017: US$7.0 million).
13. Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill acquired through business combinations and intangible assets with indefinite lives have been allocated to two cash-generating units (CGUs), which are also operating and reportable segments, for impairment testing as follows:

- Midstream CGU
- Downstream CGU

The carrying amount of goodwill (other than goodwill relating to discontinued operations) was allocated to CGUs as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midstream</td>
<td>41,170</td>
<td>41,360</td>
</tr>
<tr>
<td>Downstream</td>
<td>899,062</td>
<td>930,428</td>
</tr>
<tr>
<td>Total carrying amount of goodwill</td>
<td>940,232</td>
<td>1,076,822</td>
</tr>
</tbody>
</table>

(i) During the year, the Group took an impairment of US$41.1 million on goodwill, related to operations in Nigeria and Pakistan. The P&L impact of these impairments was material.

13.1 Key assumptions used in value in use calculations

- Gross profits - Gross profits are based on average values achieved in the three years preceding the start of the budget period, adjusted for any new investments or changes in market dynamics. These are volume-driven and are increased over the budget period according to the expected gross domestic product growth and applicable local petroleum regulations of each country where the units operates.

- Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital. The weighted average cost of capital takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group’s investors. The cost of debt is based on its interest-bearing loans and borrowings that the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on management’s knowledge of the particular markets in which it operates.

- Petroleum product prices - Forecasted commodity prices are publicly available.

13.2 Sensitivity to changes in assumptions

The recoverable value calculations are very sensitive to changes in the assumptions used, including growth rates, discount rates, and market share assumptions. Small changes in these assumptions may result in an impairment loss to be taken for certain CGUs and could materially impact the Group’s financial positions.

The Group monitors these factors closely and tests for impairment at each reporting date.
10. Assets classified as held for sale  
The Group did not hold any assets classified as held for sale at 31 December 2018 and 2017.

20. Capital and reserves  
Shares  

2018  
2017  
Registered share capital  
101,204,509 ordinary shares  
350,000  
350,000  
I share for Trafjaru PE Holding Limited of US$830,967 thousand  
830,967  
830,967  
I share for Sonangol Holdings Lda of US$10,950 thousand  
10,950  
10,950  
I share for Couach Holdings LLC of US$255,479 thousand  
255,479  
255,479  
I share for PE Investments Limited of US$507,774 thousand  
105,774  
105,774  
Total share capital  
2,054,166  
2,054,166  

21. Interest-bearing loans and borrowings  

(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.

(ii) Includes US$600 million of 5.125% Senior Notes maturing in 2024, US$750 million of 5% Senior Notes maturing in 2026, a 2.65% private placement of EUR200 million, receivable in instalments and maturing in 2024, and a 5.87% private placement of US$100 million, maturing in 2023.

(iii) Secured and unsecured bank loans consist of fixed and floating rate loans, for which the weighted average effective interest rate (including arrangement fees) was 5.32% for the year ended 31 December 2018 and 5.22% for the year ended 31 December 2017. The Group economically hedges a portion of the loans for interest rate risk via an interest rate swap, exchanging variable rate interest for fixed rate interest. The fair value of interest-bearing loans and borrowings for disclosure purposes is based on quoted prices in an active market for similar liabilities. These financial instruments are fair valued, based on Level 2 measurement.

(iv) Bank loans are secured by mortgages over certain of the Group’s assets (mainly inventories, qualifying receivables, shares of certain subsidiaries and other long-term assets). The total value of the pledged assets at 31 December 2018 was US$132 million (2017: US$12 million).

11. Financial instruments  

12. Financial risk management  

13. Leases  

14. Income tax  

15. Share-based payment  

16. Other income and expenses  

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

<table>
<thead>
<tr>
<th>Payment metric</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>634,252</td>
<td>654,258</td>
</tr>
<tr>
<td>Of which due from related parties (Note 25)</td>
<td>267,031</td>
<td>187,569</td>
</tr>
</tbody>
</table>

18. Cash and cash equivalents  

<table>
<thead>
<tr>
<th>Payment metric</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at banks and on hand</td>
<td>441,721</td>
<td>304,719</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>5,803</td>
<td>28,106</td>
</tr>
<tr>
<td>Short-term deposits</td>
<td>195,972</td>
<td>165,978</td>
</tr>
<tr>
<td>Cash and short-term deposits</td>
<td>644,496</td>
<td>519,207</td>
</tr>
</tbody>
</table>

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.
FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED


<table>
<thead>
<tr>
<th>Notes</th>
<th>Provisions as at 31 December 2018</th>
<th>Provisions as at 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in US$'000</td>
<td>Total in US$'000</td>
</tr>
<tr>
<td>(i)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

23. Other financial liabilities

<table>
<thead>
<tr>
<th>Notes</th>
<th>Provisions as at 31 December 2018</th>
<th>Provisions as at 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in US$'000</td>
<td>Total in US$'000</td>
</tr>
<tr>
<td>(i)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

24. Trade and other payables

<table>
<thead>
<tr>
<th>Notes</th>
<th>Provisions as at 31 December 2018</th>
<th>Provisions as at 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in US$'000</td>
<td>Total in US$'000</td>
</tr>
<tr>
<td>(i)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

25. Related parties disclosures

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Related parties not part of the Group include the following:

Entity name | Country of incorporation | % equity interest in the Group |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trafifgra PE Holding Limited</td>
<td>Malta</td>
<td>49.4%</td>
</tr>
<tr>
<td>Sonangol Holdings Ltd</td>
<td>Angola</td>
<td>27.95%</td>
</tr>
<tr>
<td>Cochan Holdings LLC</td>
<td>Marshall Islands</td>
<td>15.48%</td>
</tr>
<tr>
<td>PE Investments Limited</td>
<td>Malta</td>
<td>5.86%</td>
</tr>
<tr>
<td>Global PE Investors PLC</td>
<td>Malta</td>
<td>0.22%</td>
</tr>
<tr>
<td>PE SPV Limited</td>
<td>Malta</td>
<td>0.56%</td>
</tr>
<tr>
<td>PE ESP LLC</td>
<td>Marshall Islands</td>
<td>0.48%</td>
</tr>
</tbody>
</table>

25.1 Related party transactions

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>Provisions as at 31 December 2018</th>
<th>Provisions as at 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in US$'000</td>
<td>Total in US$'000</td>
</tr>
<tr>
<td>(i)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

25.2 Related party loans

The Group has acquired, by virtue of its various acquisitions, certain legacy loans made to employees of acquired entities. These loans are, individually and in aggregate, immaterial to the Group. Furthermore, the Group entered into a US$1.5 billion loan with Trafifgra Pte Ltd which was not drawn at 31 December 2018 and 2017. This loan is secured, and bears interest of 8.1% per annum (2017: 8.1% per annum) and is meant to support the Group in its investment activities.

25.3 Key management personnel compensation

27. Financial risk management objectives and policies
The Group Executive Committee oversees the management of financial risks and reviews and agrees policies for managing these risks, which are defined in the Group Risk Management Framework. The Group Risk Management Framework is a comprehensive management tool utilised by the Group Executive Committee to assess potential risks facing the Group. With the support of the Group internal audit team, the Group Risk Management Framework provides a context through which the Group is able to continuously monitor external risks. The Group Risk Management Framework is reviewed on a quarterly basis by the Group Executive Committee.

The Group is primarily a Midstream and Downstream business with a strong risk management philosophy. The Group manages its exposure to key financial risks in accordance with the Group Risk Management Framework. The objective of the policy is to support the delivery of the Group’s financial targets while protecting future financial security. The main risks that could adversely affect the Group’s financial assets, liabilities or future cash flows are: market risks, comprising commodity price risk, cash flow interest rate risk and foreign currency risk; liquidity risk; and credit risk. As a rule, commodity price risk relating to the physical supply activities is systematically economically hedged, with the support of Trafigura Plc Ltd and Trafigura Derivatives Ltd. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

Derivative transactions are mainly entered into for the purpose of managing the Group’s physical inventory exposure, and for not speculative purposes. At this stage, the Group does not currently apply any form of hedge accounting.

Furthermore, the Group, through the Group Risk Management Framework, has established conservative consolidated risk limits and closely monitors the Group’s risk positions to ensure that the Group’s risk exposure remains well within these limits.

27.1 Market risk
The Group operates in various national markets where petroleum prices are predominantly regulated and, therefore, in many of its markets it has limited market risk in terms of price exposure. Furthermore, where the Group operates in unregulated markets, the Group is typically able to price its products so as to reflect increases or decreases in market prices on a timely basis and thereby substantially mitigate its price exposure. Despite the Group selling into markets where price exposure is largely mitigated, the Group does economically hedge its physical supply. The primary purpose of the economic hedging activities is to protect the Group against the risk of physical supply transactions being adversely affected by changes in commodity prices. The Group systematically enters into economic hedging contracts to cover price exposures in its physical supply activities. In particular, substantially all supply stock is at all times either pre-sold or the commodity index price risk is economically hedged. By virtue of the nature of the markets in which the Group operates and given the economic hedging conducted in the Group’s supply activities as per the Group Risk Management Framework, the Group faces limited market risk.

The following table provides an overview of the derivative contracts at the year-end. All commodity derivatives had maturities of less than one year at each year-end.

<table>
<thead>
<tr>
<th>Derivative Type</th>
<th>Fair Value of Derivatives</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity futures and swaps</td>
<td>70,929</td>
<td>(23,602)</td>
<td></td>
</tr>
<tr>
<td>Currency swaps</td>
<td>5,118</td>
<td>(8,188)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>76,047</td>
<td>(31,790)</td>
<td></td>
</tr>
</tbody>
</table>

27.2 Foreign 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.

27.3 Interest rate risk
Interest rate risk is the risk that the Group’s profit will be affected by changes in market interest rates. The Group’s profit is affected by changes in market interest rates as some of the Group’s debt is fixed rate and some is fixed rate.

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 for 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.

<table>
<thead>
<tr>
<th>Interest Rate Change</th>
<th>Effect on profit before tax for the year ended 2018</th>
<th>Effect on profit before tax for the year ended 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>+10 percentage point</td>
<td>9,224</td>
<td>18,923</td>
</tr>
<tr>
<td>-10 percentage point</td>
<td>9,224</td>
<td>18,923</td>
</tr>
</tbody>
</table>
The Group, by virtue of the nature of its operations, has demonstrated a consistent ability to generate cash through its ongoing daily operations. Financial derivatives and Trade and other payables 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 on a Level 2 fair value measurement (refer to Note 27.7).

27.2 Liquidity risk
The Group, by virtue of the nature of its operations, has demonstrated a consistent ability to generate cash through its ongoing daily operations. The Group generates stable cash flows as the Group’s assets are utilised to deliver an essential product to customers in specific, national markets and the Group is therefore not entirely exposed to international commodity market movements. At the same time, the Group has the flexibility to decide whether to invest or not in capital expenditures as its ability to generate cash flows is not bound, in the short term, by significant capital commitments or significant mandatory capital asset maintenance.

Furthermore, the Group constantly assesses its risk to a shortage of funds by monitoring the maturity dates of existing debt. The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. At 31 December 2018, the Group had US$171 million (2017: US$153 million) of undrawn committed borrowing facilities. In addition, the Group had US$50 million of undrawn committed shareholder loans. 14% of the Group’s debt will mature in less than one year at 31 December 2018 (2017: 21%) based on the balances reflected in the consolidated financial statements. The maturity profile of the Group’s debt is summarised in Note 21 and below. The Group liquidity risk is further mitigated as a large part of the borrowing activities of the Group are related to the financing of petroleum stocks and by their nature, these stocks are easily convertible into cash.

The table below summarises the maturity profile of the Group’s financial liabilities based on non-discounted contractual payments:

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Less than 1 year</th>
<th>1-5 years</th>
<th>5+ years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 December 2018</td>
<td>Interest-bearing loans and borrowings</td>
<td>609,018</td>
<td>1,877,727</td>
<td>2,486,745</td>
</tr>
<tr>
<td></td>
<td>Trade and other payables</td>
<td>2,598,871</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Financial derivatives</td>
<td>22,156</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Other financial liabilities</td>
<td>10,050</td>
<td>31,502</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>3,528,355</td>
<td>1,909,229</td>
<td>2,486,745</td>
<td>3,535,426</td>
</tr>
</tbody>
</table>

At 31 December 2017

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Less than 1 year</th>
<th>1-5 years</th>
<th>5+ years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-bearing loans and borrowings</td>
<td>902,386</td>
<td>2,442,435</td>
<td>751,766</td>
<td>4,096,587</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>2,038,308</td>
<td>-</td>
<td>-</td>
<td>2,038,308</td>
</tr>
<tr>
<td>Financial derivatives</td>
<td>138,603</td>
<td>-</td>
<td>-</td>
<td>138,603</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>20</td>
<td>37,910</td>
<td>-</td>
<td>57,920</td>
</tr>
<tr>
<td>Total</td>
<td>3,204,547</td>
<td>2,480,345</td>
<td>751,766</td>
<td>6,236,658</td>
</tr>
</tbody>
</table>

27.3 Credit risk
The Group has a formalised credit process, with credit officers in the key locations around the world. Strict credit limits are established for each counterparty on the basis of detailed financial and business analyses. These limits are constantly monitored and revised in light of counterparty or market developments and the amount of exposure relative to the size of the Group’s consolidated statement of financial position. The Group conducts transactions with the following major types of counterparties:

- Physical commodity counterparties spread across the vertical chains for oil (e.g. resellers and end-users). Sales to counterparties are made on open terms up to internally approved credit limits. Exposures above such limits are subject to independent payment guarantees.
- Payment guarantee counterparties (e.g. prime financial institutions from which the Group obtains payment guarantees).

The Group is present in different geographic regions. Wherever appropriate, guarantees, insurance and letters of credit are used to reduce payment or performance risks. The Group’s maximum exposure to credit risk is equivalent to the amounts of financial assets presented in the consolidated statement of financial position. The Group has no significant concentrations of credit risk and no single customer accounts for more than 3% of the Group’s sales volumes. In addition, a significant part of the activity of the Group’s Downstream business (mainly retail sites) is on a cash or prepayment basis.

Refer to Note 17 for an ageing analysis of trade receivables.

27.4 Operational risk
The operations department has representatives in key locations around the world and is responsible for a number of tasks including control and risk management. The operations department is also responsible for ensuring that the Group complies with local and regional laws and regulations. The Group maintains detailed procedures 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.

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 and 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.

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 and 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.

The primary objective of the Group’s capital management is to ensure that it maintains a strong capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions in order to ensure a sound capital structure.

27.5 Capital management

27.6 Changes in liabilities arising from financing activities

<table>
<thead>
<tr>
<th>Year</th>
<th>Financial debt</th>
<th>Financial leases</th>
<th>Vendor loans</th>
<th>Dividends</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3,135,646</td>
<td>319</td>
<td>54,438</td>
<td>-</td>
<td>3,170,423</td>
</tr>
<tr>
<td>2018</td>
<td>3,525,428</td>
<td>523</td>
<td>30,655</td>
<td>10,251</td>
<td>3,576,857</td>
</tr>
</tbody>
</table>

27.7 Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments, which are measured at fair value by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

All financial assets and liabilities, and inventories measured at fair value, at 31 December 2018 and 2017, fall under the Level 2 category described above, and include financial derivatives for a net amount of USD$76.0 million (2017: USD$16.8 million) and inventories for USD$204.8 million (2017: USD$279.5 million). There have been no transfers between fair value levels during any of the reporting periods.

28. Events after the reporting period
No material events occurred during the reporting period.
### FINANCIAL STATEMENTS

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

#### 29. Significant consolidated subsidiaries and participating interests

The consolidated financial statements for the year ended 31 December 2018 include the Company’s financial statements and those of the following operating entities listed in the table below:

<table>
<thead>
<tr>
<th>Name of subsidiary</th>
<th>Place of incorporation</th>
<th>Proportion of ownership interest held by the Group at 31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Puma Energy Holdings Pte Ltd</td>
<td>Singapore</td>
<td>100%</td>
</tr>
<tr>
<td>Puma Energy Pipelines (Private) Ltd (Admore)</td>
<td>Malaysia</td>
<td>100%</td>
</tr>
<tr>
<td>Puma Aviation Services Co Ltd</td>
<td>Mauritius</td>
<td>100%</td>
</tr>
<tr>
<td>Puma Energy (Aviation) SA</td>
<td>Panama</td>
<td>100%</td>
</tr>
<tr>
<td>Puma Energy (Aviation) GB Ltd</td>
<td>United Kingdom</td>
<td>100%</td>
</tr>
<tr>
<td>Puma Energy (Aviation) Ltd</td>
<td>Singapore</td>
<td>100%</td>
</tr>
<tr>
<td>Puma Energy (Aviation) SA</td>
<td>Panama</td>
<td>100%</td>
</tr>
<tr>
<td>Puma Energy Aviation Services Co Ltd</td>
<td>Labrador</td>
<td>100%</td>
</tr>
<tr>
<td>Puma Energy (Aviation) AS</td>
<td>Switzerland</td>
<td>100%</td>
</tr>
<tr>
<td>Puma Energy (Aviation) SA</td>
<td>Switzerland</td>
<td>100%</td>
</tr>
<tr>
<td>Puma Energy (Aviation) SA</td>
<td>Malaysia</td>
<td>100%</td>
</tr>
<tr>
<td>Puma Energy (Aviation) SA</td>
<td>Malaysia</td>
<td>100%</td>
</tr>
<tr>
<td>Puma Energy (Aviation) SA</td>
<td>Malaysia</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### Legal relationship

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.

---

**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 a clear majority of the shares, by virtue of the fact the Group is exposed to a right 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 them 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.
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

At 31 December 2018, the Group’s balance sheet includes property and equipment amounting to US$315 million, intangible assets amounting to US$43 million and goodwill amounting to US$930 million. The assessment of the recoverable value of these assets for property and equipment and intangible assets, or of the relevant cash-generating unit for goodwill, incorporates significant judgement in respect of factors such as gross profits, discount rates, petroleum product prices, market shares and growth rates which are affected by expected future market or economic conditions in many different countries.

The Group’s disclosures about property and equipment, intangible assets and goodwill, are included in Notes 11, 12 and 13 of the consolidated financial statements.

Our audit response

We performed the following procedures:

– We reviewed the Group’s calculation of value in use or fair value less costs of disposal.
– We involved our valuation specialists to evaluate methodologies and key assumptions, such as cash flow forecasts included in the impairment assessment for each cash-generating unit or asset tested on a stand-alone basis, and discount rate assumptions.
– We assessed whether the Group’s disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation.

Our audit procedures did not lead to any material reservations regarding the impairment testing.

Recoverability of deferred tax assets

Risk

At 31 December 2018, the Group had deferred tax assets on deductible temporary differences of US$136.5 million, which were recognised and relate to tax losses carried forward. In addition, there was an amount of US$56.9 million which had not been recognised. The analysis of the classification and recoverability of the deferred tax assets was significant to our audit because the amounts are material, the assessment process is complex and judgemental and is based on assumptions that are affected by expected future market or economic conditions.

The Group’s disclosures about deferred tax assets are included in Note 10 of the consolidated financial statements.

Our audit response

We performed the following procedures:

– We evaluated the Group’s process for the identification and evaluation of uncertain tax positions and other tax risks as well as for the assessment of the recoverability of deferred tax assets.
– We also considered the Group’s process for the recording and continuous re-assessment of the related (contingent) liabilities and provisions as well as deferred taxes.
– We reviewed tax exposures estimated by management and the risk analysis associated with these exposures along with claims or assessments made by tax authorities to date.
– We analysed the tax risk provision and the related business tax risks.
– We reviewed documentation of tax audits and evaluated whether exposures raised by the tax authorities have been considered.
– We analysed those with the involvement of our internal tax experts and assessed the tax risk provision.
– We tested the calculation of deferred tax assets and liabilities and considered the management estimates relating to the recoverability of deferred tax assets.
– We analysed the offsetting and presentation of deferred tax positions.

Our audit procedures did not lead to any material reservations regarding the recoverability of deferred tax assets.

Hyperinflation accounting for Angola subsidiaries

Risk

Angola was identified as a hyperinflationary economy from 1 January 2017. The Group has significant subsidiaries in the country. Applying IAS 29 – Financial Reporting in Hyperinflation Reporting had a net impact on the 2018 profit of US$79.6 million. The most impacted balances of the consolidated statement of financial position were Property and equipment and intangible assets, revalued respectively by US$68.7 million and US$8.6 million.

This application of hyperinflation accounting was significant to our audit because the amounts materially impact equity and because it is a non-routine accounting matter.

Our audit response

We performed the following procedures:

– We reviewed the approach to revalue the financial statement positions under the IAS 29 principles.
– We verified the underlying inputs and the mathematical accuracy of the hyperinflation re-evaluation model.
– We assessed the classification of the hyperinflationary economies.
– We analysed the disclosures relating to hyperinflation.

Our audit procedures did not lead to any material reservations regarding the hyperinflation accounting.

Other information in the annual report

Management is responsible for the other information in the annual report. The other information comprises all information included in the Annual Report, but does not include the consolidated financial statements and our auditor’s report thereon. Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.
FINANCIAL STATEMENTS
INDEPENDENT AUDITOR’S REPORT CONTINUED

Responsibility of management for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Management is responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Ltd

Scott Duncan
Licensed audit expert
(Auditor in charge)

Didier Lequin
Licensed audit expert
Puma Energy is committed to energising communities to help drive growth and prosperity.