

OUR STRATEGY

We have a clear strategy which puts our customers at the heart of our business. We have accelerated the implementation of our strategy and transformed our business to drive greater growth and value.

Focusing intensely on our customers

The customer-led strategy and transformation framework we established in 2019 remains the same. By relentlessly focusing on implementing our strategy and making the most of our opportunities to transform through the three pillars of the framework – Operational Excellence, Focused Growth and New Business Development – we are operationalising our purpose to energise communities.

Refreshing our strategy

During the year we took the opportunity to refresh our strategy and structure. On 1 October 2020, we implemented our new operating model: creating three distinct business units – Downstream, Infrastructure and Future Energies – supported by global functions.

In addition, we established an arm’s-length cooperation agreement with Trafigura to manage our supply and trading activities. This will enable us to extract more value in supporting our Downstream business – optimising our working capital requirements and leveraging Trafigura’s global scale and expertise. We have created a Value Chain Optimisation organisation to work closely with Trafigura in ensuring we deliver the best possible fuel

// In 2019 we defined a clear purpose and strategy; in 2020 we focused on delivering and accelerating it.

Alan McGown,
Chief Transformation Officer,
Value Chain Optimisation & Procurement

Our transformation is driven through focusing on three pillars



OUR STRATEGY

quality and the lowest possible cost-to-serve for our customers.

We are also working closely with the Trifigura portfolio team to execute our portfolio strategy as quickly and effectively as possible.

Creating more value - faster

The changes further sharpen and align our leadership, structure, processes, systems and capabilities to our strategy, values and purpose. Our new streamlined organisational model provides better accountability, faster and more focused decision-making, and greater efficiencies. Our aim is to intensify and accelerate the implementation of our strategy to become even more customer-led, more cost-effective and to target resources and investment where it will have most impact.

Through 2020 we made good progress in implementing the strategy despite the tough operating environment.

Transformation Programme

We delivered above budget in 2020 on the two pillars - Operational Excellence and Focused Growth - across all lines of business and in each

country. A focused governance process kept momentum and ensured delivery of an incremental gross margin of approximately US\$78.9m from these programmes.

Portfolio

We completed two major transactions, Paraguay (divested in 2019) and Australia fuels (divested in June 2020), as well as some non-core market divestments, generating US\$466m of net cash inflow in 2019 and 2020.

Organisational model

Downstream is capitalising on its simplified structure, continuing to build capability and supporting the transformation programme, to create a more competitive and sustainable market position.

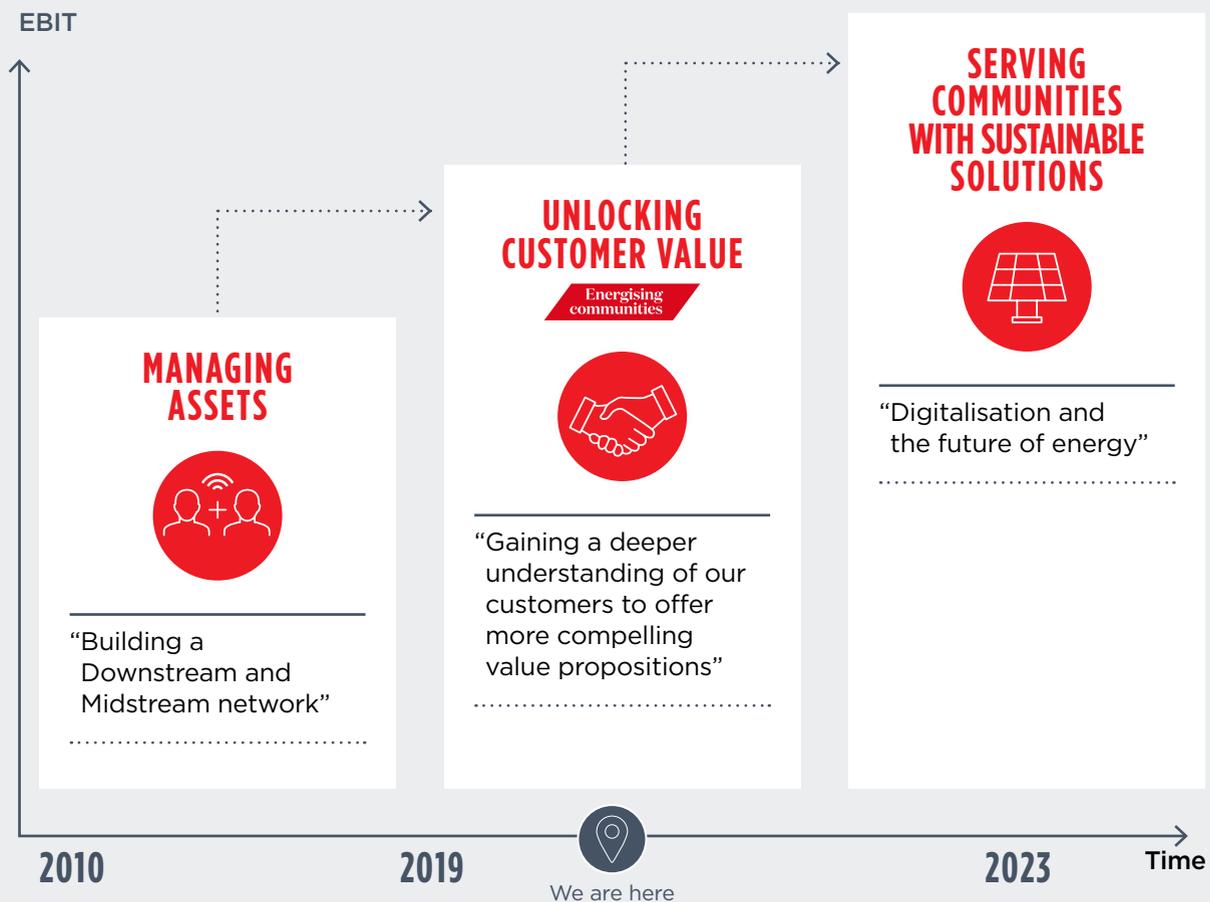
Infrastructure will provide enhanced operating performance.

Future Energies is an avenue for growth through the energy transition. We are leveraging the Puma Energy footprint to deliver affordable, reliable and sustainable energy solutions that serve our customers and communities.

Our strategic journey

We are on an exciting journey to unlock ever-greater customer value by being at the heart of *energising communities* with sustainable solutions.

Transformation: From managing assets to unlocking customer value



// Our new operating model is a step change for us. It ensures we are fit for growth and in the best possible shape to create the most value for our stakeholders. It will enable us to drive sustainable profit growth in the medium term, and to live our purpose to energise communities in the years ahead.

OUR STRATEGY

OPERATIONAL EXCELLENCE



Making operational improvements

Despite the challenges of COVID-19, we made substantial progress on several operational improvements (OIs). We focused on optimising our operations, differentiating ourselves from others, increasing the size of our current business, and generating sustained performance.

In total, we achieved US\$78.9m of benefits from our OIs in 2020, beating our target of US\$67.8m.

Spotlight on transport optimisation

We implemented several actions to optimise our transport and logistics process to be more efficient and reduce our transport costs. These include:

- Negotiating lower transport rates
- Enforcing more efficient distribution rules, for example cut-off time for ordering and payment, delivery windows and order size
- Optimising delivery scheduling and the utilisation of trucks
- Streamlining the loading process in terminals

- Implementing a Vendor Management Inventory (VMI) model

It was a true team effort including people from a range of different areas such as business support, credit, procurement, sales and transport. It enabled us to generate US\$4m of value in 2020.

Looking ahead

We have a strong pipeline of OIs to support our business transformation. Key initiatives focused on improving Operational Excellence include: method of site operation (MOSO) best practices, transport optimisation, procurement optimisation, and cost reduction and process improvement initiatives in Finance and IT.

In addition to improving our own operations, other strategic initiatives are improving the customer experience and adding value to our business too. These include our Loyalty programme, convenience retail development projects, global fleet card and optimum retail network planning.

// Communication, cooperation and teamwork have been at the heart of our success in delivering strong results through our operational improvements.

We are working together on a standardised best way that helps us transform our processes and our mind-set - in order to be more efficient and more profitable. The key is to apply these global best ways in the right way locally across our footprint.

Key operational improvements

- Transport optimisation
- Optimising returns from our Retail-owned portfolio
- Developing a lubricants distributor network
- Enhancing partner capability to deliver our customer offer
- Increasing lubricants volume in Africa through high-performance lubrication solutions

US\$78.9M

Value generated from operational improvements in 2020

OUR STRATEGY



**FOCUSED
GROWTH**



Divesting our non-priority markets

In line with our strategy, we continued to divest from noncore countries in order to streamline our Downstream portfolio so that we can increase our focus on our core countries where we have the strongest foundation and potential to grow and excel as the No1 or No2 Downstream energy business. By concentrating on core high-potential countries, we gain the twin advantage of greater simplicity and greater impact, which in turn will help us to accelerate our growth and success.

While exploring the options to secure the best possible future for our operations in non-core countries, we have continued to manage and maintain them to the highest standards. Our priority is always to ensure safe, secure operations and to keep delivering for our customers. In addition, throughout the divestment process we engage closely with the Puma Energy employees in the affected operations, keeping them informed and supported all the way.

// Streamlining our portfolio allows us to focus, simplify and accelerate where we believe we can make the greatest difference and deliver the most value.

Streamlining our Downstream portfolio

Closing our transactions in Paraguay and Australia

In January 2020, we successfully completed the sale of our business operations in Paraguay to Impala Terminals Group, a joint venture between Trafigura and the IFM Global Infrastructure Fund. This transaction generated US\$200m in 2019 and 2020.

Despite the challenges of COVID-19, we also successfully closed on time on 30 June 2020, the sale of our Australian commercial and retail fuels business to Chevron Australia Downstream Pty Ltd, for AU\$425m. Our bitumen business in Australia is not

impacted by this transaction and we will continue to invest to enhance our service to bitumen customers. These two key transactions help us demonstrate our commitment to focus on core growth markets. They have also given our former operations in Paraguay and Australia a bright new future of investment and growth under new ownership.

In total we have generated US\$355m net cash inflow from divestments in 2020, which we will use primarily to invest in our core high-potential countries.

Looking ahead

Our portfolio prioritisation is underpinning the focused growth pillar and is complemented by our strategic investment programmes.

Key divestments

US\$200M

Completion of sale of Paraguay business to Impala during 2019 and 2020

AU\$425M

Sale of our Australian commercial and retail fuels business

OUR STRATEGY



NEW BUSINESS DEVELOPMENT



// We are implementing our Future Energies projects in phases to showcase our skills and expertise to our core markets and customers.

Forging ahead with Future Energies

Our Future Energies business unit is a key engine driving the third pillar of our strategic transformation framework:

New Business Development

Finding New Sources of Value:

1. Saving costs and enhancing Puma Energy's commitment to sustainability by supplying our assets with renewable energy delivering cleaner, cheaper and more reliable electricity
2. Developing projects alongside our existing customers in existing Puma Energy geographies
3. Developing new customers, new partnerships and new projects in existing and new geographies.

Future Energies:

Our vision is to enable energy equity for all as the leading energy services provider in high-potential markets. We will achieve this by:

- Improving energy access as a trusted supplier of clean energy to our customers and local communities.

- Putting the customer at the heart of everything we do.
- Incorporating commercial and risk management into our daily activities to drive shareholder value.
- Deploying creative solutions across our value chain.
- Implementing projects in a safe, disciplined and timely manner.
- Operating with our purpose at the heart of everything we do.

We are implementing our Future Energies projects in phases to showcase our skills and expertise to our core markets and customers. For Phase 1, we are investing in solar projects across assets in some of our key markets including Puerto Rico, Ghana, Papua New Guinea, Nicaragua and Honduras.

Looking ahead

Building on the success of Phase 1, we have approval to embark on Phase 2, where we will continue to invest in implementing more projects in our selected countries in 2021.

Read more in the Future Energies section on [page 65](#).

Our Phase 1 projects

Puerto Rico

Enhancing the supply security of our energy at Bayamon terminal with solar power

Status: Under construction

- 1,200kW ground mounted solar
- 2,050MWh generation per annum
- 92% grid consumption displaced per annum
- 1,449MT reduction in CO₂-eq emissions per annum

Ghana

Solarising our retail stations and aviation depot

Status: Under construction

- 10 retail stations plus 4 Terminals/Depots
- 421kW rooftop solar
- 227kWh battery storage
- 524MWh generation per annum
- 35% grid and diesel consumption displaced per annum
- 370MT reduction in CO₂-eq emissions per annum

Papua New Guinea

Implementing solar systems across our terminals

Status: Under construction

- Speybank and Aircorps terminals in Lae
- 278kW rooftop solar
- 401MWh generation per annum
- 79% grid and diesel generator consumption displaced
- 284MT reduction in CO₂-eq emissions per annum

Nicaragua and Honduras

Working with best-in-class local providers to bring solar solutions

Status: Completed in March*

- Two retail stations in Nicaragua and Honduras
- 66kW rooftop solar
- 53MWh generation per annum (Honduras)
- 45MWh generation per annum (Nicaragua)
- 18% grid and diesel consumption displaced per annum
- 70MT reduction in CO₂-eq emissions per annum

* Out of period: completed March 2021.