

30th April 2025

Viva Energy Group Limited (ASX)

'Emerging stronger amid energy sector volatility'



GICS Sector: Energy
Australian Securities Exchange (ASX)

RECOMMENDATION: **BUY**

EXECUTIVE SUMMARY

Viva Energy Group (VEA) operates in the energy sector in Australia, Singapore and Papua New Guinea, primarily through its subsidiaries such as Shell, Coles Express and Westside. The company generates the majority of its trailing twelve-month (TTM) revenue of \$29.97 billion from the petroleum product wholesaling industry, while dividing its operations into 2 key segments: Commercial & Industrial and Convenience & Mobility.

VEA has faced considerable challenges recently, with the share price falling 56.55% over the past year from \$3.48 to the current \$1.51. Along other negative results, the 2024 end of year report showed a 20% drop in profit. CEO Scott Wyatt attributed poor performance to cost of living pressures and illicit tobacco trade along with high inflation raising the cost of doing business.

Due to easing inflation pressures domestically, VEA is expected to see a rise in overall revenue and profit. However, tariffs from the US will likely mean weaker margins for oil refining companies. Uncertainty remains around the federal election, and a win for the Coalition would prove good news for VEA due to their stance on organised crime that has potential to partially unwind the illicit tobacco activity. All considered, EPS is expected to return positive next year and by 2027 reach \$0.22. We present a buy recommendation for this stock, primarily due to expectations of lower inflation and VEA expanding revenue sources to combat aforementioned market challenges.