

ASX Release



23 August 2021

AMPOL'S PROPOSED ACQUISITION OF Z ENERGY

Key points

- Ampol confirms that it has submitted a non-binding indicative proposal to acquire Z Energy for a cash offer price of NZ\$3.78 per share, which represents a 35% premium to last close on 26 July 2021, which is the day prior to first press speculation in relation to corporate activity involving Z Energy
- The Z Energy Board has stated that it is in its shareholders' best interests to grant Ampol a four-week period of exclusivity for it to undertake confirmatory due diligence enquiries and to agree terms on a Scheme Implementation Agreement ("SIA")
- The transaction would be implemented by way of a New Zealand scheme of arrangement and is subject to agreeing binding transaction documentation, approval by both Boards of Ampol and Z Energy, regulatory approvals from New Zealand Commerce Commission and Overseas Investment Office, approval of Z Energy's shareholders and New Zealand High Court approval

Ampol Limited ("Ampol") (ASX:ALD) confirms that it has submitted a non-binding indicative proposal to acquire 100% of the shares of Z Energy Limited ("Z Energy") (NZX:ZEL) for a cash offer price of NZ\$3.78 per share ("Offer Price"), with the proposed transaction to be implemented by way of a New Zealand scheme of arrangement ("Proposal").

Z Energy is a Wellington headquartered fuel distribution and retailing company that owns and manages over 300 fuel stations in New Zealand under the Z and Caltex brands, supplying approximately 4 billion litres of fuel annually to customers.

Ampol's Proposal follows a period of private discussions which included an initial non-binding indicative proposal of NZ\$3.35 per share being submitted on 2 June 2021, with a subsequent proposal of NZ\$3.50 per share submitted on 1 July 2021.

Ampol's Offer Price is a compelling value proposition for Z Energy shareholders and represents a 35% premium to last close on 26 July 2021, which is the day prior to first press speculation in relation to corporate activity involving Z Energy. It also represents a 47% premium to last close price prior to the first offer on 2 June 2021.

In addition to the Offer Price, Ampol's Proposal includes a dividend adjustment mechanism which permits Z Energy to pay a dividend equal to NZ 0.055 cents per share per calendar day, for each day that the transaction extends beyond 31 March 2022, up to a limit of NZ 10 cents per share.

Subject to further discussions with Z Energy, Ampol is also willing to consider an amendment to the current Proposal to include partial Ampol share consideration.

The Z Energy Board has concluded that it is in shareholders' best interests to grant Ampol a four-week period for confirmatory due diligence which will be conducted on an exclusive basis (subject to customary exceptions). With assistance from Z Energy, Ampol is now commencing its confirmatory due diligence enquiries, preparation of regulatory approval applications and the negotiation of a scheme implementation agreement ("SIA"), with the aim of developing a binding transaction which can ultimately be put to a Z Energy shareholder vote in due course.

Commenting on today's announcement, Ampol's CEO and Managing Director, Matt Halliday, said:

"Z Energy is a logical growth opportunity for Ampol as both companies are market leaders in their respective home markets and have very similar business models. A successful acquisition would create an A&NZ leader in fuel, with significant regional scale and trusted and iconic brands on both sides of the Tasman."

"Ampol has a strong track record of reliably delivering transport fuels in New Zealand, with NZ\$80 million invested since 2016. Should a transaction proceed, Ampol believes that it will bring considerable benefits to the New Zealand market, helping to maintain fuel security and support New Zealand industry. Given the ongoing work of both organisations in energy transition, a combined entity would provide a new, larger platform, supporting the development of lower emissions energy solutions for customers across Australia and New Zealand."

"We look forward to working with the Z Energy team to complete our confirmatory due diligence such that a transaction can ultimately be put to Z Energy shareholders."

The proposed transaction is expected to be subject to a number of customary conditions which include a Z Energy shareholder vote and New Zealand Court and regulatory approvals, namely, obtaining a clearance under the New Zealand Commerce Act and Overseas Investment Act.

As part of the New Zealand Commerce Act clearance process, Ampol intends committing to a material divestment to ensure any potential competition law issues are fully addressed as a result of the transaction (this may include a full divestment of Gull). The transaction would be conditional on obtaining clearance, which would be based on this divestment undertaking (to be agreed with the New Zealand Commerce Commission). It is expected that divestments would occur within a prescribed period of time following completion of the transaction. Ampol is willing to work with Z Energy and relevant regulatory authorities, including Overseas Investment Office, and is confident in its ability to receive required approvals.

Subject to finalising commercial terms, due diligence and regulatory approvals, Ampol intends to fund the acquisition in accordance with its Capital Allocation Framework, which would include new debt facilities, proceeds from any divestments, and an equity issuance in the order of A\$600 million. The equity issuance could be in the form of partial share consideration to Z Energy shareholders or Ampol conducting a pro rata entitlement offer to its own shareholders, which would be done following regulatory approval and nearer the date of completion.

While engagement with Z Energy is progressing well to date, there is no guarantee that a binding transaction will be agreed between the parties or completed. Ampol will continue to keep shareholders updated on the transaction progress in accordance with its continuous disclosure obligations.

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Authorised for release by: the Board of Ampol Limited.

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