

20 April 2020

CONCLUSION OF ACQUISITION DISCUSSIONS WITH ALIMENTATION COUCHE-TARD

Caltex Australia Limited (ASX:CTX) (**Caltex**) today announces that the discussions between Caltex and Alimentation Couche-Tard Inc. (TO: ATD) (**ATD**) in relation to the conditional, non-binding and indicative acquisition proposal for Caltex have concluded.

The conclusion of discussions follows the end of the agreed due diligence period and ATD's subsequent decision not to proceed with its proposal at this time due to the high level of economic uncertainty caused by the COVID-19 pandemic. ATD has communicated an intention to seek to re-engage once there is sufficient clarity as to the global outlook, although there is no certainty that ATD will ultimately do so.

ATD has informed Caltex that its due diligence is substantially complete without raising to Caltex any material issues, and that its work has confirmed that:

- ATD continues to view Caltex as a strong strategic fit for its business;
- ATD continues to view Caltex as an important potential component of ATD's Asia Pacific strategy; and
- There are considerable opportunities to be extracted through a combination.

ATD confirmed it is able to secure financing, but given the COVID-19 pandemic believes it would be prudent to seek to re-engage once there is sufficient clarity as to the global economic outlook as we manage our respective businesses through this period of considerable uncertainty.

ATD has been complimentary of the focussed manner in which the due diligence has been facilitated, and the relationship between the companies has been strengthened through the process.

Caltex Chairman Steven Gregg said, "Since receiving the unsolicited approach from Couche-Tard in late 2019, the Board has carefully assessed all proposals received with a focus on maximising shareholder value. The Caltex and ATD teams have worked together constructively during the engagement period despite the challenges from COVID-19. We remain confident in the strength of Caltex as an independent business, and should we receive an approach in the future would be willing to consider it on its merits."

Well-positioned to navigate current market uncertainty

Throughout the engagement with ATD, Caltex has continued to operate in a disciplined manner, which sees it well-positioned to navigate current market uncertainty. This is reflected in the first quarter 2020 trading update released today.

In response to COVID-19 and the changing dynamics of global hydrocarbon markets, Caltex has already taken decisive action to ensure the health and safety of our people, protect our assets and market-leading position, optimise cashflows and to position for the future. Such actions include:

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- Bringing forward and extending the Lytton refinery Turnaround & Inspection (T&I) for 2020;
 - Early action on stranded costs, including changes to our on-airport operations and deferral of capital investments;
 - An ongoing review of fixed costs across the business, to deliver a lower cost base. Savings will be in addition to the previously announced \$100m cost-out program being delivered by the end of 2020; and
 - Reduction in 2020 group capex to target below \$250m by focussing only on critical business items.

Caltex holds a strong investment grade credit rating and the group has approximately \$2.7bn of committed available debt facilities from a range of high-quality financiers, with approximately \$1.4bn of cash and undrawn committed facilities. Caltex has no debt facilities which mature in 2020 and has significant headroom to its debt covenant. The decline in the crude oil price is also expected to meaningfully further reduce the group's working capital requirements.

Caltex Interim CEO Matt Halliday said, "Caltex is the number one transport fuels company in Australia, with a strategic asset base and a strong balance sheet. The unrivalled combination of deep customer relationships, privileged infrastructure and property assets, and core strength in managing complex supply chains, creates a platform for unlocking and creating further value for shareholders."

Committed to executing existing strategy

The Caltex Board and management team remain committed to maximising value for Caltex shareholders and believes significant shareholder value can be delivered over the medium term through the execution of our existing strategy.

Significant progress has already been made on the capital initiatives and growth strategies outlined at the 2019 Investor Day, including the sale of the first tranche of 25 higher and better use (HBU) retail sites for ~\$136m, preparation of key retail property IPO transaction documents, and the commencement of both international storage and the Ampol Houston Trading and Shipping office.

Caltex will continue to progress its clearly defined strategy, subject to supportive market conditions in the second half of 2020, through capital initiatives which could include:

- Divestment of up to 49% interest in Caltex's core freehold retail sites, through either a listed property IPO or trade sale alternative;
- The divestment of the second tranche of HBU sites; and
- The issuance of hybrid capital securities.

Continuity of interim management arrangements will allow a focus on business operations, delivery of the communicated strategy, and allow Caltex to use its strong financial position to deliver value for shareholders.

Authorised for release by: the Chairman of Caltex Australia Limited.

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