



**23 August 2021**

**Z Energy receives non-binding indicative acquisition proposal from Ampol; agrees period of due diligence and exclusivity**

Z Energy (NZX/ASX: ZEL) ("Z") has received a non-binding indicative proposal from Ampol to acquire Z at an offer price of \$3.78 per share ("Proposal").

The Proposal would be implemented by way of a scheme of arrangement, a court-supervised process under which a meeting of shareholders would be held to vote on the transaction.

Ampol is an Australian based retail fuels and distribution business that is listed on the ASX. Ampol owns and operates the Gull fuel distribution business in New Zealand.

The offer price under the current Proposal (prior to any adjustment under the mechanism referred to below) represents:

- a 22% premium to the last close on 12 August 2021 (being the date prior to receipt of the Proposal), and
- a 26% premium to the 30-day VWAP.

The Proposal from Ampol follows earlier unsolicited, confidential and non-binding indicative proposals in the form of letters or verbal communications to Z for \$3.35, \$3.50 and \$3.60 per share. Z and Ampol are discussing the option to include a partial Ampol share consideration and/or a secondary listing of Ampol on the NZX.

The Board has sought external advice and carefully considered each of the non-binding indicative proposals made by Ampol. Although the Board considered that the earlier proposals did not value Z's business sufficiently to justify the requested exclusivity or confirmatory due diligence access, the Board's assessment of the most recent Proposal is that it would now be in the best interests of the company and shareholders to grant Ampol a four week period of exclusivity (subject to usual exceptions) for Ampol to undertake confirmatory due diligence, develop their Proposal and for the parties to negotiate transaction documentation.

The acquisition is subject to agreeing the binding transaction documentation, Board approval by both Z and Ampol, Z shareholder approval and High Court approval. Any transaction is expected to be subject to approval by both the New Zealand Commerce Commission and the New Zealand Overseas Investment Office.

Ampol is confident that the required regulatory approvals will be obtained. Based on Z's current assessment, and our communications with Ampol to date, a commitment to the full divestment of Gull will be required to further progress the Proposal.

Ampol is also committed to delivering appropriate benefits to New Zealand where necessary to support the approval of the transaction by the Overseas Investment Office. Ampol will need to develop the basis of those applications to the mutual satisfaction of itself and Z prior to being in a position to enter into the binding transaction documentation.

Because the proposal involves regulatory approvals and, if agreed, would restrict the payment of dividends, Ampol has proposed a dividend adjustment mechanism to accommodate any delays in securing regulatory consents. The mechanism would permit Z to pay a dividend on implementation of the scheme equal to 0.055 cents per share, per calendar day for each day that financial close extends beyond 31 March 2022, up to a limit of 10 cents per share.

On receipt of Ampol's original proposal the Z Board formed a subcommittee to manage the process and retained Goldman Sachs as financial adviser and Chapman Tripp as external legal counsel.

Z Chair Abby Foote said, "Although this Proposal is subject to further development and evaluation by both parties, the Board supports a period of exclusive engagement with the objective of developing a transaction that would be acceptable to the Board and shareholders. The Board will always act constructively in the best interests of the company and its shareholders."

Z CEO Mike Bennetts said, "While the Proposal is developed further and evaluated, Z remains committed to safe and reliable operations, meeting the needs of our customers as well as delivering on the many initiatives we recently announced at our Investor Day to create further value for shareholders."

There is no certainty that discussions between Z and Ampol will result in any binding agreement on a transaction. Z's shareholders do not need to take any action at this time in relation to the proposal by Ampol. The Z Board will continue to keep shareholders and the market informed of material developments.

**ENDS**

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