

## ASX Release

3 December 2019

### UPDATE ON THE PROPOSAL FROM ALIMENTATION COUCHE-TARD

Caltex Australia Limited (ASX: CTX) (“Caltex”, or “the Company”) refers to its announcement on 26 November 2019 that it had received an unsolicited, conditional, confidential, non-binding and indicative proposal from Alimentation Couche-Tard Inc. (TO: ATD) (“ATD”) to acquire all of the shares in Caltex by way of scheme of arrangement at an indicative cash price of A\$34.50 per share less any dividends declared by Caltex (“Proposal”).

Caltex today announces that the Board has concluded that the Proposal undervalues the Company and does not represent compelling value for Caltex’s shareholders. However, the Caltex Board has offered to provide ATD with selected non-public information to allow ATD to formulate a revised proposal.

#### Proposal undervalues Caltex

The Caltex Board has carefully considered the Proposal, including obtaining advice from its financial, legal and tax advisers. Caltex has also considered feedback from its shareholders. The Proposal was evaluated on the basis that the proposed price would be reduced by the value of the dividend that Caltex would be likely to pay for 2H 2019 in accordance with the company’s dividend policy.<sup>1</sup>

The Board has concluded that the Proposal undervalues the Company and does not represent compelling value for Caltex’s shareholders. In coming to this conclusion, the Board had regard to a range of considerations, including:

- the strategic value of Caltex’s assets;
- its view that Caltex is currently at a low point in its earnings;
- the consistent performance of the Fuels & Infrastructure business and its international growth trajectory;
- the significant opportunities available for the Convenience Retail business;
- the proposed IPO of up to a 49% interest in 250 core Convenience Retail sites as announced on 25 November 2019 (“Property IPO”), which the Caltex Board expects will unlock value and release cash for shareholders; and
- other initiatives which are currently being considered.

In assessing the Proposal, the Caltex Board also had regard to the low takeover premium being offered. The proposed price represents a premium of about 16% to the closing price of Caltex shares on 25 November 2019, being the last price prior to the disclosure of the Proposal, which was \$29.79 per share.

The Board also assessed the cash benefit to Caltex’s shareholders that could potentially be realised by the distribution of franking credits in conjunction with ATD’s Proposal and has concluded that the examples provided by ATD materially overstate the potential cash benefit to almost all of Caltex’s shareholders.

Caltex notes that the impact of distributing franking credits will differ depending on each shareholder’s tax rate. Caltex’s assessment of the additional cash benefit that would be received by Caltex’s shareholders that

---

<sup>1</sup> Caltex notes the range of broker estimates in respect of the 2H 2019 final dividend is 44 – 63 cents per share.

are subject to superannuation fund tax rates, under a permitted special dividend that fully utilised the franking credits currently in Caltex's franking account, is approximately \$1.66 per share.<sup>2</sup> This contrasts with the value suggested by ATD of up to \$3.61 per share.

The Board recognises the value of Caltex's franking credits and the importance of realising this value for shareholders in a timely manner. A significant proportion of Caltex's current franking credit balance is expected to be distributed to Caltex's shareholders as a result of strategic initiatives that are currently being implemented, including the proposed Property IPO and the divestment of 50 metropolitan freehold sites identified as having a higher value through alternative use.

### **Engagement with ATD**

While Caltex has rejected the Proposal, Caltex has offered to provide ATD with selected non-public information to allow ATD to formulate a revised proposal that appropriately reflects the value of Caltex. The provision of such information is conditional on Caltex and ATD entering into an appropriate confidentiality agreement.

There is no certainty that the discussions between Caltex and ATD will result in a revised proposal from ATD.

Caltex's Chairman, Steven Gregg, said: "Caltex has a well-developed strategy, privileged assets, strong leadership and compelling growth opportunities that the Board believes will deliver attractive value for its shareholders over time. We look forward to sharing further details on the execution of our strategic plan at our Investor Day on 5 December.

"The Caltex Board is focused on maximising shareholder value and will carefully consider any proposal that is consistent with this objective."

-ends-

#### **INVESTOR CONTACT**

Dale Koenders  
Head of Investor Relations  
Level 24, 2 Market Street  
Sydney NSW 2000  
+61 2 9250 5626  
+61 457 559 036  
[dale.koenders@caltex.com.au](mailto:dale.koenders@caltex.com.au)

#### **MEDIA CONTACT**

Richard Baker  
Head of Corporate Affairs  
Level 24, 2 Market Street  
Sydney NSW 2000  
+61 2 9250 5369  
+61 417 375 667  
[richard.baker@caltex.com.au](mailto:richard.baker@caltex.com.au)

#### **Caltex Australia Limited**

**ACN 004 201 307**

**Level 24, 2 Market Street, Sydney NSW 2000**

A proud and iconic Australian company, Caltex [ASX:CTX] has grown to become the nation's leading transport fuel supplier, with a network of approximately 2,000 company-owned or affiliated sites. Caltex aims to be the market leader in complex supply chains and the evolving convenience marketplace by delivering the fuel and other everyday needs of its diverse customers through its networks. Caltex has safely and reliably fuelled the needs of Australian motorists and businesses since 1900. It operates as a refiner, importer and marketer of fuels and lubricants. Follow us on LinkedIn, Twitter and Facebook, and for more information visit [www.caltex.com.au](http://www.caltex.com.au)

---

<sup>2</sup> The quantum of permitted special dividend (assumed to be \$7.75 per share) and cash benefit from franking credits released are based on Caltex's current franking credit balance of \$834m (noting that the ATD proposal was based on certain assumptions regarding the franking credit balance). These amounts may vary depending on the available profits and franking credit account at the time of payment. The additional cash benefit from franking credits is based on an assumed superannuation investor with a marginal tax rate of 15%.