



MEDIA RELEASE

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Viva Energy's proposed acquisition of Liberty Oil's wholesale business not opposed

The ACCC won't oppose the proposed acquisition of the remaining 50 per cent interest in Liberty Oil Holdings Pty Ltd's (Liberty) wholesale business by Viva Energy Australia Pty Ltd (Viva), a wholly owned entity of Viva Energy Group Limited (ASX: VEA).

Viva and Liberty are both wholesalers and retailers of fuel products. The proposed acquisition involves Liberty's wholesale business only. Viva's interest in Liberty's retail business will remain at 50 per cent.

The ACCC found that the proposed acquisition is unlikely to substantially lessen competition in the wholesale supply of fuel products.

"Retailers told us that there are alternative wholesale suppliers and alternative brands they could switch to. We consider that, post-acquisition, the threat of fuel retailers switching to an alternative supplier is likely to constrain Viva's wholesale prices and supply terms," ACCC Commissioner Stephen Ridgeway said.

The ACCC also considered the effect of the proposed acquisition on competition in the retail supply of fuel products in metropolitan Adelaide and Melbourne and in local areas across the country.

"In metropolitan Adelaide, most Liberty branded sites are dealer sites, where Liberty does not set the price. The share of Liberty branded sites is relatively low and there are other retailers in Adelaide that are likely to constrain city-wide prices, such as United and X Convenience. Therefore, price increases from this proposed acquisition are unlikely," Mr Ridgeway said.

"In metropolitan Melbourne, another city where Liberty branded sites operate, Liberty has a very small share of retail sites. The proposed acquisition is therefore unlikely to have a significant impact."

In local areas where Liberty retail sites overlap with Viva retail sites, including Coles Express sites, the ACCC concluded that in most of these areas sufficient competition would remain after the acquisition.

"We identified potential competition concerns regarding some local areas. The merger parties provided further information or implemented changes which addressed our concerns," Mr Ridgeway said.

Further information is available at the ACCC website.

Background

Viva's operations in Australia include refining, importing, wholesale and retail supply of fuel products. Viva's wholesale operations include supply to fuel retailers, distributors, independent service stations, commercial customers and rural customers. Viva wholesales

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fuel to Liberty's wholesale business. Viva's retail operations include Coles Express/Shell co-branded sites and Shell branded Viva company sites and dealer sites.

Liberty is a wholesaler and retailer of fuel products. Liberty's wholesale operations mainly supply fuel to distributors, independent service stations, commercial customers and rural customers. Liberty wholesales fuel to a network of Liberty or Shell branded service stations operated by dealers. Liberty's retail operations include company sites that Liberty operates directly or through a commission agent. These service stations are in the metropolitan areas of Adelaide and Melbourne and regional areas of all states and territories, except the ACT and Tasmania.

Viva currently holds a 50 per cent interest in Liberty. Under the proposed acquisition, Viva will own all of Liberty's wholesale business and its interest in Liberty's retail business will remain at 50 per cent.

Viva and Coles Group Limited announced on 6 February 2019 that they had restructured their alliance arrangement and extended the arrangement to 2029. Under the new arrangement, from 1 March 2019, Viva sets retail prices at Coles Express/Shell co-branded sites and Coles Express operates those sites as Viva's commission agent. There are over 700 of these sites in total across Australia.

Viva also holds a 50 per cent interest in Westside Petroleum Consolidated Holdings Pty Ltd (Westside). Westside has a network of service stations in NSW and Victoria, including sites operated by Westside directly or through a commission agent and sites operated by dealers.

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