



21 September 2022

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Manager,

COLES TO SELL ITS FUEL & CONVENIENCE BUSINESS TO VIVA ENERGY

Please find attached for immediate release to the market.

This announcement is authorised by the Board.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Daniella Pereira".

Daniella Pereira
Company Secretary



ASX Release

21 September 2022

COLES TO SELL ITS FUEL & CONVENIENCE BUSINESS TO VIVA ENERGY. CUSTOMERS WILL CONTINUE TO BENEFIT FROM DISCOUNT FUEL VOUCHERS AND FLYBUYS POINTS

Key highlights:

- **Coles has agreed to sell its fuel and convenience business to Viva Energy**
- **The transaction allows Coles to focus on growing its omnichannel supermarket and liquor businesses**
- **Coles customers will continue to enjoy existing loyalty benefits, including the 4¢/litre fuel discount offer and earning and redeeming Flybuys points at sites currently trading under the 'Coles Express' banner**
- **Coles will receive \$300 million and assign leases, which currently represent a liability of \$816 million on Coles' balance sheet, to Viva Energy at completion, which is expected to occur in the second half of FY23 subject to Australian Competition and Consumer Commission and Foreign Investment Review Board approval**

Coles Group Limited (Coles, ASX: COL) today announces that it has entered into a binding agreement to sell its fuel and convenience retailing business to Viva Energy Group Limited (Viva Energy, ASX: VEA). The transaction will see Viva Energy own and operate the 710 Coles Express sites currently operated by Coles (the 'network'). Accordingly, the Fuel and Convenience Alliance ('the Alliance') between Coles and Viva Energy, which otherwise was due to end in 2029, will terminate at transaction completion.

The Alliance's Coles Express-branded network will be rebranded by Viva Energy, the majority of which will be completed over the next two years. As part of the transaction, Coles and Viva Energy have entered into a multi-year strategic partnership so that Coles and Coles Express customers will continue to enjoy the compelling customer offer and loyalty benefits they currently enjoy at Coles Express sites. Key features of this strategic partnership include:

- Access by Coles customers to the four cent per litre fuel docket across the network; and
- Viva Energy will remain a partner of the Flybuys Program, with customers able to continue earning and redeeming points across the network.

Coles Express operations and store support centre teams will transfer to Viva Energy following completion of the sale, and Coles will continue to partner with Viva Energy in relation to product supply arrangements enabling customers to benefit from continued access to Coles Own Brand product range.

In addition, Coles has agreed to provide ongoing support and services for up to two years to assist Viva Energy in establishing its own internal capabilities.

Coles CEO Steven Cain said "This agreement is positive not only for Coles and Viva Energy, but also for our customers, team members and respective shareholders. Viva is well-placed to make the most of opportunities to grow the Express business into the future, while we will strengthen our focus on our omnichannel supermarket and liquor businesses and our ambition of becoming Australia's most sustainable supermarket group.

"I would like to thank all Express team members for their hard work transforming the Coles Express business, including the food to go and coffee offer, which recently saw Coles Express win Canstar's 2022 Award for Most Satisfied Customers."

Scott Wyatt, Viva Energy CEO, said "We have enjoyed a strong partnership with Coles over the last 20 years and this is an exciting next step for our business and our relationship. The acquisition means we will be able to accelerate our plans to grow the integrated fuel and convenience business while our customers continue to enjoy the excellent customer service provided by the dedicated Express team, the extensive product range in-store and the loyalty programs we know they love.

"We look forward to welcoming all of the Coles Express team members to Viva Energy once the transaction completes."

Preliminary financial implications of the transaction

In FY22 the Coles Express business reported sales of \$1,132 million, EBIT of \$42 million and imputed lease interest of \$38 million. In addition, Coles Express accounted for \$816 million of the lease liabilities on Coles' 2022 full year balance sheet.

On completion of the transaction, Coles will receive sale proceeds of \$300 million and will assign the leases relating to the Coles Express sites to Viva Energy. Coles expects to record a small gain on the sale of the business. The earnings impact of the product supply and ongoing arrangements is not expected to be material from a Group perspective. Further information regarding the balance sheet, one-off and any ongoing transaction related impacts will be provided upon completion of the transaction.

Next steps

The transaction is subject to customary closing conditions including Viva Energy obtaining Australian Competition and Consumer Commission and Foreign Investment Review Board approval. Completion is expected to occur in the second half of FY23.

This announcement was authorised to be given to the ASX by the Board.

For more information:

Investors

Anita Healy
Mobile: + 61 411 109 108

Lisa Zimmet
Mobile: +61 428 857 242
E-mail: investor.relations@colesgroup.com.au

Media

Blair Speedy
Mobile: +61 431 960 249
E-mail: media.relations@coles.com.au