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Viva Energy's proposed acquisition of OTR Group not opposed, subject to divestiture

The ACCC will not oppose Viva Energy's (ASX: VEA) proposed acquisition of OTR Group, after accepting a court enforceable undertaking that commits Viva Energy to divest 25 Coles Express sites in South Australia.

Viva Energy and its related companies operate a nationwide fuel supply chain with retail sites in each Australian state and territory, including Coles Express convenience sites. Following the proposed acquisition, Viva Energy plans to expand the OTR brand to Coles Express sites in other states.

OTR Group is a fuel and convenience retailer operating predominantly in South Australia, where it operates the largest retail fuel network, along with some locations in other states and territories, including the Northern Territory under the Puma brand.

The ACCC's review focused on areas in which the OTR Group and Viva Energy's operations overlap, which is predominantly in South Australia and the Northern Territory. The ACCC considered the competition effects at both the retail and wholesale levels.

"Without the divestiture, the proposed acquisition would combine the largest retail fuel network in South Australia with Viva Energy's retail network, providing Viva Energy with an extended network that is significantly larger than its next largest rival," ACCC Commissioner Stephen Ridgeway said.

"The ACCC was concerned that the proposed acquisition would adversely affect competition and reduce choice for consumers in Adelaide and Ceduna."

Viva Energy initially offered to divest 23 of its 32 retail sites in Adelaide. However, the number of sites to be divested increased to 25 (24 in Adelaide and one in Ceduna) in response to concerns raised by the ACCC.

Viva Energy has proposed Chevron as the upfront purchaser of the divestiture sites.

Following [consultation](#), the ACCC has approved Chevron as the purchaser of the 25 Coles Express sites to be divested.

Chevron has a global presence as a fuel producer, importer, wholesale and retailer, and acquiring these sites would enable it to expand into South Australia.

"As part of our assessment, we took into account Chevron's previous and current experience in the Australian fuel industry, as well as its financial capability and plans to maintain and operate the 25 divestiture sites."

In exchange for the 25 divestiture sites, Viva Energy will receive 13 Chevron sites located in Queensland, New South Wales and Western Australia.

"The ACCC considers that the undertaking given by Viva Energy will create a viable, effective, standalone, independent and long-term competitor," Mr Ridgeway said.

With the undertaking, the ACCC does not consider the proposed acquisition will result in a substantial lessening of competition.

As part of its assessment, the ACCC also closely considered potential effects on wholesale fuel supply, including the impact of Viva Energy supplying the significant OTR Group network in South Australia.

Notes to editor

In considering the proposed acquisition, the ACCC applies the legal test set out in section 50 of the Competition and Consumer Act.

In general terms, section 50 prohibits acquisitions that would have the effect, or be likely to have the effect, of substantially lessening competition in any market.

Background

Viva Energy (with its related entities) is a fuel refiner, importer, wholesaler, distributor and retailer, operating a nationwide fuel supply chain with retail sites in each Australian state and territory, including Coles Express and Reddy Express convenience sites.

Viva Energy recently launched the 'Reddy Express' brand, which will gradually replace the Coles Express brand and operate alongside the OTR offer. Viva Energy is also the exclusive supplier of Shell-branded fuels and lubricants in Australia.

The OTR Group is a fuel and convenience retailer operating predominantly in South Australia with some locations in other states and territories across Australia, including the Northern Territory under the Puma brand. The OTR Group also supplies wholesale fuels and distribution services to small commercial customers and independent retail fuel sites through the Reliable Petroleum, Mogas Regional and Ausfuel businesses.

As part of the proposed acquisition, Viva Energy will acquire 184 OTR retail fuel sites: 153 sites in South Australia (115 of which are in Adelaide), 15 sites in Northern Territory, 8 sites in Western Australia, 11 sites in Victoria and 2 sites in New South Wales.

Chevron Corporation is a listed global energy company (NYSE:CVX) with business activities in more than 180 countries and territories (including Australia through its local subsidiaries). In Australia, Chevron is a fuel retailer, importer and wholesaler, operating across Australia under the Caltex and 'Puma' brand. Chevron operates under the Caltex brand, located in most Australian states and territories. Chevron currently operates one site under the 'Puma' brand in Port Augusta, South Australia.

The proposed acquisition will combine the entities' retail fuel, wholesale fuel and retail convenience and grocery offerings.

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