

24th April 2020
ASX Announcement

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ASX - OLI
Update on EG Group proposed scheme of arrangement

OLI provides the following update on EG Fuel Co (Australia) Ltd (EG Group) proposed scheme of arrangement as detailed in the Scheme Implementation Deed (SID) between EG Group and OLI dated 11 March 2020 (Scheme).

It is a condition precedent to the Scheme that the net indebtedness of OLI and its subsidiaries (as defined in the SID as cash and cash equivalents less liabilities other than trade creditors) does not exceed \$800,000 at any time between 11 March 2020 and 8 am on the Second Court Date (Net Debt Condition).

OLI has today informed EG Group that the net indebtedness of OLI and its subsidiaries as at 31 March 2020 was \$910,000 and requested a waiver of the Net Debt Condition. Unless this waiver is granted, or there is an amendment to the SID increasing the amount of allowable net indebtedness, the Net Debt Condition will not be satisfied, and the Scheme will not proceed.

The increase in net debt is due to the reduction in cash inflows consequent upon the impact of the Covid-19 pandemic and the temporary suspension of operations announced on 23 March 2020.

OLI intends to commence a staged re-opening of its stores as soon as the stay-at-home orders currently in force in NSW, Queensland and Victoria have been eased sufficiently to allow the resumption of non-essential travel.

The timing of that re-opening is of course uncertain and pending the necessary Government decisions OLI will utilise the Federal Governments Jobkeeper scheme, if eligible, to keep its staff engaged.

A requirement of the Jobkeeper scheme is that staff wages for the fortnights ending 12 April and 26 April must be paid before reimbursement from Jobkeeper can be claimed, and wages must thereafter be paid on the normal weekly cycle with reimbursement from Jobkeeper paid monthly.

To facilitate this process, OLI has secured approval for a temporary overdraft facility of up to \$700,000. In addition, OLI will also seek to establish a business stimulus loan of \$250,000 (50% secured by Federal Government as part of the Government's COVID-19 recovery package) to assist OLI with its working capital requirements over the next 2 – 3 months whilst restrictions remain in place and OLI readies itself to resume store operations after restrictions are lifted.

The provisions of the SID require OLI to obtain the consent of EG Group to these additional borrowings and that consent has today been requested.

As at the time of this announcements, EG Group has not responded to either of the requests referred to above.

OLI will continue to provide further updates in relation to the Scheme in accordance with its continuous disclosure obligations.

Steven Metter
Company Secretary

