ASX Release

AMPOL

26 April 2022

UNAUDITED FINANCIAL RESULTS FOR 1Q 2022

Key points

- Group RCOP EBIT up 44 per cent and Group RCOP EBITDA up 25 per cent, compared to the same period last year
- HCOP NPAT (statutory profit) of $274.4 million, up 57 per cent compared to 1Q 2021
- Refiner margins up 93 per cent compared to 1Q 2021
- Strong shop performance underpinned by improvement in gross margin of 2.5 percentage points
- Total sales volumes of 4,586 million litres; Australian sales volumes increased 2.1 per cent to 3,251 million litres; B2B sales grew by 14 per cent compared with the same time last year

	Revised RCOP Method[2]	
Unaudited Financial Results[1]	**2022 ($M)**	**2021 ($M)**
Group Replacement Cost Operating Profit (RCOP) EBITDA	**277.8**	**222.6**
Depreciation and Amortisation	(88.7)	(91.7)
Group RCOP EBIT	**189.1**	**131.0**
Lytton EBIT	*60.6*	*(0.2)*
Fuels and Infrastructure (excluding Lytton) EBIT[1]	*64.1*	*67.7*
Future Energy	*(5.3)*	*(1.0)*
Fuels and Infrastructure EBIT	***119.4***	***66.5***
Convenience Retail EBIT	***76.9***	***77.7***
Corporate EBIT	***(7.2)***	***(13.2)***
Interest	*(30.9)*	(26.0)
Non-controlling interest	(9.9)	(9.6)
Tax	(35.2)	(22.0)
RCOP NPAT (Parent)	**113.1**	**73.3**
Inventory Gain/(Loss) after tax (incl. externalities realised FX)	166.3	105.7
Significant Items Gain/(Loss) after tax	(5.0)	(4.3)
Historical Cost Operating Profit (HCOP) NPAT (Parent) – Statutory Profit	**274.4**	**174.7**

Notes: 1. Adjusted for rounding. 2. In anticipation of the completion of the Z Energy transaction a review of the RCOP methodologies has been undertaken to align the approach between the two organisations. The 1Q 2021 RCOP results under the new methodology exclude externalities foreign exchange gain of $18.4 million (before tax) and $12.9 million (after tax). The applicable AUD/USD exchange rates for 1Q 2022 was 0.724 and 1Q 2021 was 0.772.

Ampol Limited (ASX:ALD) today provides unaudited financial results for 1Q 2022.

CEO Comments

Matt Halliday, Managing Director and CEO, said: "Ampol delivered a strong first quarter result during a period of turbulent operating conditions. This again demonstrates the quality and resilience of the Ampol integrated supply chain. The business has successfully managed the short-term impacts of Omicron, significant flooding events and the unprecedented volatility caused by the Russia and Ukraine conflict.

'I am proud of how the Ampol team has responded to deliver such strong operational and financial performance during some of the most challenging conditions in our history while, at the same time, progressing our strategic priorities. We are only a few weeks from completing the acquisition of Z Energy and I am excited by the potential of our two companies coming together and look forward to welcoming Z Energy into the Ampol family."

Fuels and Infrastructure (F&I)

F&I EBIT grew 80 per cent to $119.4 million for the first quarter as it managed the impacts of flooding during February and March and the effects of the volatility caused by the Russian invasion of Ukraine and subsequent sanctions.

Lytton RCOP EBIT was $60.6 million[1] compared to the breakeven result in the previous corresponding quarter and was the major contributor to the improved F&I result. Lytton benefited from rising prices for refined products, net of increased landed crude premiums and increases in product freight costs. These factors, combined with the concentration of high value products in the Lytton production mix, delivered a Lytton Refiner Margin[2] for the quarter of US$10.59/bbl including US$14.62/bbl in the month of March, up from US$5.48/bbl for 1Q 2021. Total production in 1Q 2022 was 1,413 ML compared with 1,419 ML in the first quarter last year as the refinery slowed production during the Brisbane flooding event that closed the river to shipping, and for a further week due to unscheduled maintenance. The estimated impact of lower production is a $15 million reduction to RCOP EBIT.

The F&I (excluding Lytton and Future Energy) result was down $3.6 million compared to the same time last year, largely due to timing of expenditure. Total Australian sales volume rose 2.1 per cent compared with the same time last year, as the growth in sales to commercial customers offset the decline in retail volumes exposed to Omicron and flooding impacts.

F&I International earnings improved in the quarter as higher earnings from Gull (RCOP EBIT of $22.5 million for 1Q 2021) helped to offset the reduction in international sales volumes due to the diversion of physical cargoes to Australia as backfill for the reduction in Lytton production.

Consistent with our commitments, Future Energy spend increased to $5.3 million during the quarter. The increase in spend relates largely to preparation for the electric vehicle charging rollout and a pilot of an Ampol retail electricity offer.

Convenience Retail

Convenience Retail delivered a strong performance in line with the previous corresponding period after absorbing the combined impacts of Omicron, floods and the impacts from record-high retail fuel prices. Fuel volumes were down 7.3 per cent, 6.4 per cent on a like for like basis. Although 1Q 2022 average margins were compressed, they were slightly higher than the first quarter last year with both periods experiencing a rapid rise in the supply cost of petrol and diesel, and a lag in passing these higher costs through to retail prices.

Pleasingly, total shop income was up 5.8 per cent on the prior comparable period due to improved product mix, labour efficiency and reduced waste and shrink with an improvement in gross margin (post waste and shrink) of 2.5 percentage points. These results demonstrate the benefits of consistency in merchandising and store operations that the company owned and operated model provides.

Strategy update

As announced on 1 April 2022, Ampol and EG have resolved the dispute relating to the Fuel Supply Agreement. EG is one of Ampol's largest and most important partners and planning is now underway to commence the Ampol brand rollout to the EG network. When complete it will take the entire branded network of Ampol to almost 1,900 sites.

Ampol has achieved all regulatory and shareholder approvals pertaining to the Z acquisition. The final court hearing is now scheduled for today with completion expected on 10 May 2022. Reflecting the importance of, and Ampol's commitment to the New Zealand market, Ampol intends to list on the New Zealand Exchange in mid-May via the foreign exempt rules, maintaining its primary listing on the Australian Securities Exchange.

Given the need to harmonise accounting treatment between Ampol and Z Energy, Ampol has undertaken a review of its Replacement Cost Operating Profit (RCOP) methodology. The outcome of this review is an amendment to RCOP earnings to exclude realised foreign exchange gains and losses and is consistent with the intentions of RCOP as well as the approach of industry peers. Consistent with this revised methodology a foreign exchange loss of $27.1 million (before tax) for the first quarter has been included in inventory gain/losses. Statutory (HCOP) earnings are unaffected by this change. FY 2021 RCOP results have been restated to reflect the change in methodology and a comparison using the previous methodology has also been provided in the Appendix to this announcement. Once the Gull transaction occurs Gull's earnings will be reported as discontinued operations in Ampol's financial statements.

Current trading conditions

Since the end of the first quarter, global crude and product markets have continued to experience significant levels of volatility, largely due to lower Chinese refined product exports and the impact of Russian sanctions. This has led to further increases in market prices (MOPS[3]) for diesel and jet fuel above crude oil and therefore a further strengthening in refining margins.

Quality premiums on jet and diesel, being the price paid over and above the MOPS daily quoted price to purchase a cargo, have also increased to unprecedented levels and are taking time to revert. To date, Ampol has largely mitigated this exposure to monthly sales to customers where premiums are fixed, by leveraging its supply chain and via pricing risk management. To date the relationship between refiner margins and quality premiums has been a positive for Ampol's earnings. Ampol will continue to monitor this dynamic and provide a further update at the half-year results.

Authorised for release by: the Chairman of Ampol Limited.

1. The Fuel Security Services Payment (FSSP) came into effect from 1 July 2021. As the FSSP margin marker for the Lytton Refinery for the period 1 January 2022 to 31 March 2022 was above the collar margin, Ampol expects to receive no payment.

2. Lytton Refiner Margin (LRM) represents the difference between the market value of importing a standard Lytton Refinery basket of products and the cost of importing the crude oil required to make that product basket.

   The LRM is calculated in the following manner:

   Weighted Singapore product prices (for a standard Lytton Refinery basket of products)

   Less: Reference crude price (the Ampol reference crude marker is Dated Brent)
   Equals: Singapore Weighted Average Margin (Dated Brent basis)
   Plus: Product quality premium
   Crude discount
   Product freight
   Less: Crude & Feedstock premium
   Crude freight
   Other related hydrocarbon costs
   Yield Loss
   Equals: Lytton Refiner Margin

   The Lytton Refiner Margin is converted to an Australian dollar basis using the prevailing average monthly exchange rate.

3. Mean of Platts Singapore or MOPS is the relevant quoted market price for refined products in the Asia Pacific region.

Appendix

	Previous RCOP Method	
Unaudited Financial Results[1]	**2022 ($M)**	**2021 ($M)**
Group Replacement Cost Operating Profit (RCOP) EBITDA	**250.7**	**241.0**
Depreciation and Amortisation	(88.7)	(91.7)
Group RCOP EBIT	**162.0**	**149.3**
Lytton EBIT	*60.6*	*(0.2)*
Fuels and Infrastructure (excluding Lytton) EBIT[1]	*64.1*	*67.7*
Future Energy	*(5.3)*	*(1.0)*
Externalities – realised FX Gain/(Loss)	*(27.1)*	*18.4*
Fuels and Infrastructure EBIT	***92.3***	***84.9***
Convenience Retail EBIT	***76.9***	***77.7***
Corporate EBIT	***(7.2)***	***(13.2)***
Interest	(30.9)	(26.0)
Non-controlling interest	(9.9)	(9.6)
Tax	(27.0)	(27.5)
RCOP NPAT (Parent)	**94.1**	**86.1**
Inventory Gain/(Loss) after tax	185.3	92.8
Significant Items Gain/(Loss) after tax	(5.0)	(4.3)
Historical Cost Operating Profit (HCOP) NPAT (Parent) – Statutory Profit	**274.4**	**174.7**

Notes: 1. Adjusted for rounding.

AMPOL LIMITED
ACN 004 201 307

29-33 BOURKE ROAD
ALEXANDRIA NSW 2015

INVESTOR CONTACT
FRAN VAN REYK
HEAD OF INVESTOR RELATIONS
M +61 419 871 138
T +61 2 9250 5000
FRANCES.VANREYK@AMPOL.COM.AU

MEDIA CONTACT
RICHARD BAKER
HEAD OF CORPORATE AFFAIRS
M +61 417 375 667
T +61 2 9250 5369
RICHARD.BAKER@AMPOL.COM.AU