ASX/NZX Release

19 February 2024

ANOTHER YEAR OF STRONG FINANCIAL PERFORMANCE

Key points

- Full year 2023 Group Replacement Cost Operating Profit (RCOP) Earnings Before Interest and Tax (EBIT) of $1,296.6 million
- Result underpinned by earnings growth in non-refining divisions and full 12 months' contribution from Z Energy
- Z Energy delivered expected acquisition benefits and synergies
- Record total sales volumes of 28.4 billion litres, up 17 per cent compared to 2022
- Statutory Net Profit After Tax (NPAT) (Attributable to Parent) of $549.1 million
- Strong balance sheet with leverage at the end of 2023 of 1.6 times
- Final ordinary dividend declared of 120 cents per share, fully franked. Full year ordinary dividends of 215 cents per share, fully franked, at the top of the payout range for the full year
- Additional special dividend declared of 60 cents per share fully franked, taking total dividends to 275 cents per share, fully franked, a total of $655 million declared for 2023, or 89 per cent of RCOP NPAT[1]

	Full year ending 31 December^		
Financial Results[2]	**2023 ($M) Group/Cont**	**2022 ($M) Continuing[3]**	**Variance**
Group RCOP EBITDA (excluding Significant Items)	**1,755.5**	**1,705.5**	**2.9%**
Depreciation and Amortisation	(458.9)	(436.5)	5.1%
Lytton EBIT	*362.3*	*686.7*	*(47%)*
Fuels and Infrastructure (excluding Lytton and Future Energy) EBIT	*418.7*	*197.4*	*>100%*
Future Energy EBIT	*(44.4)*	*(31.1)*	*43%*
Fuels and Infrastructure EBIT	736.5	853.0	(14%)
Convenience Retail EBIT	354.6	347.2	2.1%
New Zealand EBIT	263.5	124.6	>100%
Corporate EBIT	(58.0)	(55.8)	3.9%
Group RCOP EBIT (excluding Significant Items)	**1,296.6**	**1,269.0**	**2.2%**
Interest	(278.6)	(177.7)	57%
Non-controlling interest	(51.0)	(51.1)	(0.1%)
Tax	(226.9)	(308.0)	(26%)
RCOP NPAT (Attributable to Parent) – Excluding Significant Items	**740.1**	**732.3**	**1.1%**
Inventory Gain/(Loss) after tax (incl. externalities realised FX)	(126.6)	(89.3)	42%
Significant Items Gain/(Loss) after tax	(64.4)	84.5	(>100%)
Statutory NPAT (Attributable to Parent)	**549.1**	**727.5**	**(25%)**

Notes: ^ Adjusted for rounding. The applicable AUD/USD exchange rate for FY 2022 was 0.6942 and for FY 2023 was 0.6644.

Ampol Limited (ASX/NZX:ALD) today announces its financial results for the 12 months ending 31 December 2023.

CEO Comments

Matt Halliday, Managing Director and CEO, said: "Ampol continues to successfully execute its strategy, delivering another strong financial performance. This result represents a near record performance including an improved earnings contribution from the non-refining divisions.

"The result reinforces the adaptability and resilience of Ampol's integrated supply chain in what was another year where energy markets moved rapidly in response to geopolitical events. We continued to grow our Petrol and Convenience earnings, delivering another strong performance in Convenience Retail. We benefited from a full 12 months' contribution from Z Energy including benefits and synergies as a result of the acquisition by Ampol and the transition to Ampol supply through the year. The growth in Fuels and Infrastructure (Ex-Lytton) illustrates how we can respond to changing market conditions through our sourcing capabilities, privileged infrastructure and effective risk management, more than doubling the earnings compared to last year.

"The balance sheet is strong, providing Ampol with the flexibility to invest in our core fuels and convenience businesses, and to prudently invest in the energy transition while delivering our highest ever dividends to shareholders. Our strategic assets, supply chain expertise, deep customer base and iconic brands position the Group to succeed today and into the future."

Fuels and Infrastructure (F&I)

Fuels and Infrastructure RCOP EBIT for the 2023 financial year was $736.5 million, 14 per cent lower (on a continuing basis)[2] than the same period last year, with the strong F&I (Ex-Lytton and Future Energy) result largely offsetting a decline in refining earnings from the historically high level seen in 2022.

Lytton RCOP EBIT was $362.3 million as the Lytton Refiner Margin (LRM) eased to an average of US$12.81 per barrel, from historical highs in 2022. Labour and electricity charges increased operating costs and total production for the year was lower, mainly due to the unplanned outages in the second quarter and in December.

F&I (Ex-Lytton and Future Energy) earnings more than doubled and reflects the ability for our strategic assets and supply chain expertise to adapt to changing market conditions to optimise the margin across our integrated supply chain. F&I Australia (Ex-Lytton and Future Energy) benefited from growing domestic demand. Total Australian sales volumes rose 11 per cent to 15.6 billion litres, including the continued recovery in jet volumes post-COVID.

F&I International earnings (adjusted to exclude Gull as a discontinued operation) rose 22 per cent. International volumes (excluding Z Energy) rose 12 per cent as we leveraged our Australian and New Zealand demand to grow third party sales. This includes an uplift in earnings from US Trading and Shipping operations with sales volumes up approximately 0.6 billion litres.

Future Energy commenced the rollout of the AmpCharge on-the-go electric vehicle (EV) charging network. By the end of December 2023, 82 charging bays at 36 sites have been delivered in Australia with parts of the network build supported by government grants. We continue to explore other low carbon transport solutions including renewable fuels.

Convenience Retail (CR)

Convenience Retail continued to perform strongly with RCOP EBIT earnings up 2.1 per cent to a record $354.6 million driven largely by improved fuel margins. Fuel volumes were down 1.6 per cent, 1.0 per cent on a like-for-like basis. Overall retail fuel margins were higher than in 2022, reflecting favourable fuel mix, network improvements and costs recovery.

Excluding tobacco, network shop sales grew 3.0 per cent on a like-for-like basis as key categories of bakery, snacks, beverages and confectionery achieved strong growth. Average Basket Value also increased year on year and shop gross margin[4] also continued to improve, reaching 36.1 per cent post waste and shrink which helped to offset falling tobacco sales, and higher electricity costs.

The rebranding of 50 MetroGo stores to Foodary is complete and there has been an improvement in the earnings at these sites including the benefits of the changes to product range. The two new marquee sites at Pheasants Nest opened and the M1 northbound flagship site refresh is also complete including the Ampol-operated Hungry Jack's Quick Service Restaurant (QSR), the second restaurant in the trial.

New Zealand (including Z Energy)

The New Zealand segment contributed RCOP EBIT of $263.5 million to the Group result, reflecting a full 12 months' contribution of Z Energy and the contribution from the transition to fuel supply from Ampol. Fuel sales volumes improved by 11 per cent, on a proforma basis compared with 2022, as the COVID recovery improved demand particularly for jet fuel, and Z Energy continued to grow wholesale sales volumes, leveraging its infrastructure position.

The Z Energy management team have delivered the anticipated benefits of the acquisition and the objective to simplify the business to drive improved profitability. The underlying business performed strongly, including a strong performance from shop as sales and gross margin continued to improve. The 2023 result for New Zealand includes the once-off recovery of impacts from the New Zealand Government's temporary reduction of fuel excise duty in 2022 as part of the Government's response to elevated global fuel prices. Z Energy also has continued to execute on its energy transition strategy having installed 104 EV charge bays at 37 sites across the Z retail network by the end of 2023.

Balance sheet

Net borrowings at 31 December 2023 were $2,195 million, compared with $2,359 million at 31 December 2022, with the decrease primarily related to increased net operating cash inflows from strong pre-tax financial performance and favourable movements in working capital. Our liquidity position remains strong, with committed facilities of $5.0 billion. Leverage at 31 December 2023 was 1.6 times Adj. Net debt / RCOP EBITDA (last 12 months).

During the period we also secured approximately A$600 million in US Private Placement notes with several tier one counterparties. This transaction was completed in 3Q 2023 with tenor between 8 to 15 years, taking Ampol's average debt maturity to 4.1 years.

Final and special dividend

The Board has declared a final ordinary dividend of 120 cents per share, fully franked. This takes full year ordinary dividends to 215 cents per share, representing a 69 per cent payout ratio of 2023 RCOP NPAT (excluding Significant Items).

Additionally, the Board has declared a special dividend of 60 cents per share, fully franked, recognising the strength of the balance sheet and in accordance with the capital allocation framework. This takes total dividends declared for the full year to 275 cents per share, or $655 million, in line with the record distributions for 2022.

The record and payment dates for both the ordinary and special dividend are 4 March 2024 and 27 March 2024 respectively.

Current trading conditions and outlook

Overall, the Group has had a strong start to the year. The Lytton Refiner Margin for January reached US$13.33 per barrel, above the LRM for 4Q 2023 and historical averages, and reflects the impact of the December outage on volumes and yield. Convenience Retail and Z Energy have continued to trade broadly in line with the same time last year.

In December, Fuels and Infrastructure were not directly impacted by risks associated with navigating the Red Sea. More recently freight rates escalated as geopolitical tensions flared, particularly for product freight, and this trend is likely to be positive for Lytton and the integrated supply chain.

With the recent finalisation of the new fuel standards by the Australian Federal Government, Ampol intends to upgrade the Lytton refinery to produce gasoline compliant with the new specifications for both regular and premium gasoline grades. Ampol has made significant progress in design, site preparation, and procurement of long lead time items ahead of a Final Investment Decision expected in the coming weeks. Estimated remaining capital spend is approximately $250 million, net of applicable Federal Government grants. The project is expected to be commissioned in the second half of 2025. Ampol also notes that, historically, gasoline cracks for the new specification (10ppm sulfur content) have traded at a premium to cracks for the current Australian grades. Gasoline typically represents approximately half of the Lytton production slate.

A scheduled turnaround and inspection is planned for 2H 2024. This is expected to take approximately 7 weeks with refining output of high value product similar to levels seen in FY 2023.

Beyond the short term, Ampol continues to extend and improve its convenience retail offers in both Australia and New Zealand. These networks will form the cornerstone of an on-the-go charging network, which is expected to extend to 300 charging bays in Australia and 150 charging bays in New Zealand by the end of 2024 and provide Ampol with the flexibility to adapt its approach to transition as it evolves.

Webcast and conference call

Ampol is hosting an investor call to discuss its FY 2023 results at 10.00am (AEDT) on 19 February 2024.

To participate in the call, pre-registration is available via https://s1.c-conf.com/diamondpass/10036299-v639tr.html or investors can listen in via the webcast on our website: https://www.ampol.com.au/about-ampol/investor-centre.

Authorised for release by: the Board of Ampol Limited.

Notes:

1. *Attributable to parent and excluding Significant Items*
2. *References to RCOP EBITDA and RCOP EBIT are excluding Significant Items unless otherwise stated*
3. *For reconciliation of continuing and discontinuing results refer to Appendix*
4. *Shop gross margin (post waste and shrink) and includes Hungry Jack's and reallocation of rebates to margin*

Appendix

Reconciliation of continuing operations

Financial Results	Full year ending 31 December 2022^		
	2022 ($M) Group	**2022 ($M) Cont**	**2022 ($M) Gull (Discont.)**
Group RCOP EBITDA	**1,764.0**	**1,705.5**	**58.5**
Depreciation and Amortisation	(447.5)	(436.5)	(11.0)
Lytton EBIT	*686.7*	*686.7*	-
Fuels and Infrastructure (excluding Lytton and Future Energy) EBIT	*244.9*	*197.4*	47.5
Future Energy	*(31.1)*	*(31.1)*	-
Fuels and Infrastructure EBIT	900.5	853.0	47.5
Convenience Retail EBIT	347.2	347.2	-
Z Energy (included in New Zealand segment in FY 2023) EBIT	124.6	124.6	-
Corporate EBIT	(55.8)	(55.8)	-
Group RCOP EBIT (excluding Significant Items)	**1316.5**	**1269.0**	**47.5**
Net interest	*(182.7)*	(177.7)	(5.0)
Non-controlling interest	(51.1)	(51.1)	-
Tax	(319.9)	(308.0)	(11.9)
RCOP NPAT (Attributable to Parent) – Excluding Significant Items	**762.9**	**732.3**	**30.6**
Inventory Gain/(Loss) after tax	(90.1)	(89.3)	(0.8)
Significant Items Gain/(Loss) after tax	123.1	84.5	38.6
Statutory NPAT (Attributable to Parent)	**795.9**	**727.5**	**68.4**

Notes: ^ Adjusted for rounding. The applicable AUD/USD exchange rate for FY 2022 was 0.6942

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