ASX Release

21 February 2022

AMPOL DELIVERS HIGHEST EARNINGS SINCE 2018 AND RECORD FUEL SALES

Key points

- RCOP EBIT up 57% to $631 million delivered against the COVID-19 backdrop; highest result since 2018
- Record total sales volumes of 22.04 billion litres; strong international growth
- HCOP NPAT (statutory profit) of $560 million compared with a loss of $485 million in FY 2020
- Declared a final dividend of 41 cents per share (fully franked), taking the total dividend to 93 cents per share
- Balance sheet remains strong with leverage at 1.2 times RCOP EBITDA; $479 million returned to shareholders
- Significant progress made on strategic priorities
- Strong fourth quarter demonstrates responsiveness of Ampol's earnings as markets recover

FY 2021 Result	Full year ending 31 December[3]	
	2021 ($M)	**2020 ($M)**
Group RCOP EBITDA	**1,003.3**	**812.9**
Group RCOP EBIT	**631.2**	**401.2**
Fuels and Infrastructure (excluding Lytton) EBIT[1]	*258.9*	*299.3*
Lytton EBIT	*158.7*	*(144.8)*
Fuels and Infrastructure EBIT	***417.6***	***154.4***
Convenience Retail EBIT	***253.7***	***287.4***
Corporate EBIT	***(40.1)***	***(40.6)***
RCOP NPAT (Parent)[2]	**364.9**	**211.8**
Inventory Gain/(Loss) after tax	219.5	(359.7)
Significant Items Gain/(Loss) after tax	(24.4)	(337.0)
HCOP NPAT (Parent) - Statutory	**560.0**	**(484.9)**

Notes: 1. FY 2021 includes FX gain of $44.7 million, FY 2020 includes FX gain of $29.9 million. 2. Attributable to the members of the parent entity, excludes non-controlling interest of $37.5 million in FY 2021 and $5.1 million in FY 2020. 3. Adjusted for rounding

Ampol Limited (ASX:ALD) today announces its financial results for the 12 months ending 31 December 2021.

CEO Comments

Matt Halliday, Managing Director and CEO said, "Ampol's strong financial results and record fuel sales reflect the ability of our people to thrive under challenging conditions and demonstrates how our business and earnings can respond to the market recovery.

"Throughout the year, we focused on managing what we can control. The safety and wellbeing of our people has been paramount during this time, and I am pleased that during a period of ongoing disruption and uncertainty, we have achieved industry top quartile performance for personal safety.

"Our customers are responding well to the successful return of the iconic Australian Ampol brand, with rebranded sites outperforming our control sites across key performance indicators.

"As we look ahead, we have a clear strategy to maximise the value of our existing businesses during the energy transition and to diversify and grow our international earnings through the Z Energy acquisition while we prepare for a low carbon future."

Fuels and Infrastructure

Fuels and Infrastructure delivered RCOP EBIT of $417.6 million, an increase of 170% on the prior year underpinned by a strong operating performance at Lytton and earnings growth in our international business.

During the year, safe and reliable operations at the Lytton refinery drove increased production in an improving refiner margin environment. It delivered RCOP EBIT of $158.7 million, including the benefit of $40.0 million from the Federal Government's once-off Temporary Refining Production Payment. This compares with the loss of $144.8 million incurred during 2020 when the refinery was shut down for the extended Turnaround and Inspection (T&I) due to the impacts of COVID-19.

The resumption of production at Lytton displaced additional imported volumes required in FY 2020 during the extended T&I. This was the main contributor to the reduction in RCOP EBIT to $110.2 million for Fuels and Infrastructure Australia (ex-Lytton). Overall earnings from Fuels and Infrastructure's Australian operations (including Lytton) increased by approximately $230 million compared with FY 2020.

Successful execution of the strategy to diversify and grow international earnings saw Fuels and Infrastructure International RCOP EBIT grow to a record $110.9 million, up 31% on the prior year. The Gull business in New Zealand and Trading and Shipping International drove the growth in earnings.

The Fuels and Infrastructure result includes $6.9 million spend to establish the Future Energy team, mostly incurred since launching the Future Energy and Decarbonisation strategies in May 2021, as well as $44.7 million of foreign exchange gains compared with a $29.9 million gain in FY 2020.

Total Australian sales volumes were 13.05 billion litres in FY 2021, 3.9% lower than the 13.58 billion litres in FY 2020. This reflects the full-year impact of COVID-19 on jet volumes, the impact of rolling lockdowns on Australian retail market demand in the second half, as well as competitor supply chain decisions earlier in the year that adversely impacted net buy/sell volumes. The decline in Australian sales volumes was more than offset by growth in international sales to 8.99 billion litres, with total sales volumes for the Group reaching a record of 22.04 billion litres.

Convenience Retail

Convenience Retail delivered RCOP EBIT of $253.7 million with COVID-19 impacts affecting most of the second half offsetting the positive trends in first half fuel volumes, shop sales and earnings.

For the full year, fuel sales volumes fell 4.9% (3.2% on a like for like basis) as prolonged lockdowns in New South Wales and Victoria reduced mobility in the second half. Rapidly rising crude and product prices throughout the year put pressure on fuel margins, particularly diesel margins that take longer to respond but showed improvement towards the end of the year.

Pleasingly, in our first full year of the company operated model, we have seen the benefits of the focus on safely reducing costs, waste and shrinkage, with shop gross margin (post waste and shrink) improving by 1.3 percentage points.

We continued to optimise the network with the closure of 19 marginal sites and the addition of one new to industry site during the year. Combined with divestments and transfers to alternate operators, the company-controlled retail network reduced by 3.4% to 684 sites compared with 708 at the same time last year.

The rebrand program is progressing extremely well with 880 sites completed by the end of 2021 and the rebranded sites outperforming the "control" sites in key measures of total transactions, as well as volume measures including total fuel, premium petrol and AmpolCard. $51.3 million of rebranding expenses (before tax) have been recognised as a significant item.

Balance sheet

At 31 December 2021, interest bearing liabilities net of cash were $1,697 million, including $724 million of net borrowings. This compares with $434 million of net borrowings at 31 December 2020 and includes the impact of the $300 million off market buy back and $179 million in dividend payments to shareholders.

The leverage ratio at 31 December 2021 was 1.2 times Adjusted Net debt / RCOP EBITDA (after taking into account the hybrid equity credit of $500 million), below the bottom of the target range of 2.0 to 2.5 times, providing significant capacity for the Z Energy acquisition. Our liquidity position remains strong, with committed facilities of $3.6 billion and a further $1.3 billion in acquisition facilities available to fund the completion of the Z Energy transaction.

Final dividend

The Board has declared a fully franked final dividend of 41 cents per share, taking the total dividend to 93 cents per share, a substantial increase on the 48 cents per share last year. This represents a 61% payout ratio of the full year RCOP NPAT (excluding significant items). The record and payment dates for the final dividend are 7 March 2022 and 31 March 2022 respectively.

Market conditions and outlook

The emergence of the Omicron variant of COVID-19 has had an impact on recent trading in FY 2022. Nonetheless, the improved momentum demonstrated in the fourth quarter of FY 2021, coupled with higher refiner margins, reinforced the responsiveness of Ampol's earnings to more favourable market conditions. This provides cause for optimism for FY 2022 as mobility increases.

Ampol is well positioned to benefit from the expected recovery in Australian fuel demand. We welcome the announcement by the Federal Government on the opening of international borders to inbound tourists, although jet demand is still likely to take several years to recover to pre-COVID levels.

Global refining fundamentals have improved through increasing demand for refined products and the structural declines in capacity caused by refinery closures. The Lytton refinery is well positioned to benefit from expansion in refiner margins, with reduced earnings downside through the Fuel Security Services Payment, should the Government Margin Marker fall below a certain level.

Assuming market conditions improve, we anticipate growth in Convenience Retail earnings from both fuel and shop through our market leading convenience offer and shop formats, the ongoing focus on costs, waste and shrink combined with the benefit of increasing demand over a largely fixed cost operating model.

We have made good progress on the steps to complete the acquisition of Z Energy and remain on track to complete the transaction in the first half of 2022, with earnings and cash flow contributing to the Group's earnings in the second half, subject to regulatory and Z Energy shareholder approvals.

Looking to the longer term, our conviction regarding Ampol's important role in the energy transition has strengthened. During 2021, we established a team that greatly increased organisational knowledge and refined plans to undertake a discrete set of 'test and learn' pilot projects. During 2022, we will focus on the three key projects: commencing the rollout of EV charging stations to over 100 sites, a targeted pilot of an Ampol branded electricity offer and deepening our understanding of the hydrogen supply chain.

Webcast and conference call

Ampol is hosting an investor call to discuss its FY 2021 results at 9:30am (AEDT) on 21 February 2022.

To participate in the call, pre-registration is available via https://s1.c-conf.com/diamondpass/10018683-74f2oc.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.

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