

Chairman's Message



Steven Gregg

It gives me great pleasure to write to you this year.

2022 was a year of record operational and financial performance for Ampol. Despite the lingering effects of COVID-19, the impact of weather events on local supply chains and volatility in global energy markets, in 2022 we delivered record earnings, record total fuel sales and record dividends for shareholders.

Record RCOP EBITDA¹

\$1,764m
▲ 84%

Restated
21²

959

22

We made further progress delivering on our growth strategies in Fuels and Infrastructure (F&I) and Convenience Retail. This included completing the acquisition of Z Energy in New Zealand in May, achieving strong growth in our International fuels business, and continued strong performance in Convenience Retail, growing earnings across both fuel and shop.

We also completed the rebranding to Ampol and continued to take important early steps in evolving the business through our Future Energy and Decarbonisation strategies.

Our replacement cost operating profit RCOP EBITDA¹ in 2022 was a record \$1.76 billion, and RCOP EBIT¹ a record \$1.32 billion, up 124 per cent on 2021. Total fuel sales across the year, including an eight-month contribution from Z Energy, were just over 24 billion litres, a 10 per cent increase.

These outcomes were supported by strong performance right across Ampol's integrated value chain in volatile market conditions. Refining played an important role, as there was a substantial increase in refined product margins, which rose to unprecedented levels in the second quarter and remained above historical averages throughout the year.

In 2022 international energy market volatility increased substantially given geopolitical tensions resulting from Russia's invasion of the Ukraine, increasing global prices and creating ongoing uncertainty in markets and supply chains. Ampol has not purchased Russian crude oil or products since the conflict commenced.

Over the last few years Ampol has continued to expand its capabilities in global markets while investing domestically, including in our Lytton refinery, to ensure our integrated supply chain remains resilient. This investment and the breadth of our expertise and infrastructure across our domestic and international operations set us apart from our competitors and positions us well to continue to navigate volatility and deliver supply security, while at the same time delivering strong returns for shareholders.

It was pleasing to see that in the last four years Ampol has delivered over \$1.75 billion of tax effective shareholder returns, including fully franked dividends and off-market buy backs. The company will declare \$655 million in fully franked dividends relating to 2022, while maintaining an investment grade balance sheet and significant ongoing liquidity and funding.

Also worth noting is that Ampol is a major provider of tax revenue to governments in Australia and New Zealand. In 2022 across Ampol we contributed over \$7.5 billion in taxes, making our company a significant contributor to public revenues in both countries.

In this regard, Ampol is very mindful of our position in the Australian community and economy, and the role we play in the provision of safe and reliable energy to Australians. Ampol treats its role in providing energy security seriously, and we welcome our partnerships with both state and federal governments to ensure this is maintained.

Performance in safety and environment continues to be a major part of our drive for operational excellence. It was pleasing to again deliver an improved performance across key safety and environment metrics in Convenience Retail, and Z Energy, who joined the Ampol Group in May, also delivered a year of record performance.

These improvements in our safety performance in retail have been achieved through the continued strengthening of our safety culture and a strong focus on driving the right safety leadership and behaviours.

1. Group result for FY2022, includes contribution from Gull to July 2022 and from Z Energy from May 2022. Excludes significant items.
2. A review of RCOP methodologies was undertaken on the acquisition of Z Energy and externalities foreign exchange (gain)/loss previously reported within RCOP has been reclassified to inventory (gain)/loss (incl. externalities FX) in the 2021 comparator period.

In May we were pleased to welcome Z Energy to the Ampol family as we completed the acquisition of New Zealand's leading fuel and convenience business. The transaction positions Ampol as a trans-Tasman leader in our sector, with significant additional scale and the opportunity to share learnings and capabilities to deliver ongoing strong operational performance across both businesses.

Importantly, the acquisition of Z Energy complements our existing operations in Singapore and the Philippines and provides Ampol with a significant competitive advantage in the South-East Asia and Pacific markets. This focused international presence and expertise will create growth opportunities in the region.

In December we completed our Ampol rebrand, with the final sites in our national branded network transitioning. In just under two years, over 1800 retail locations have been rebranded despite the vast challenges created by COVID-19. This is an outstanding outcome and testament to the skill, dedication and hard work of our project team and supporting partners. The project is also an outcome which has been very well received by our customers and stakeholders.

As we execute our strategy, the Board remains focused on continuing to balance four priorities – investing to ensure strong and safe performance from our core businesses, utilising our capabilities and strong market position to strategically grow the business, delivering ongoing strong shareholder returns, and investing prudently in future energy to maximise the future value of Ampol's customer base and infrastructure strength.

Our efforts to extend our customer value proposition to include alternative fuel options will continue to be executed with discipline to ensure we are delivering strong and sustainable returns for shareholders over the long-term, while in parallel evolving our business over time.

This will be a long journey and is one to which we are committed, recognising the importance of taking some early steps and progressing partnerships to ensure the most efficient solutions are being delivered. We will continue to adjust the pace and focus of delivery as technology and policy evolves and to align with the take-up of new fuels technologies.

Ampol has proven its capabilities and resilience over the last 3–4 years, with its fully-owned and integrated operating model delivering ongoing strong performance and growth.

The company is in a very strong position to deliver in 2023, with a well-structured balance sheet and a portfolio of outstanding businesses. While there remains uncertainty in the global and domestic economies, with the impact of inflation, rising interest rates and ongoing volatility in global energy markets, Ampol has demonstrated its resilience across different market conditions.

In September, Simon Allen was appointed to the Ampol Board as an Independent Non-executive Director. Simon brings significant commercial experience in capital markets, and in infrastructure and refining in New Zealand, which will be vital as we continue to leverage the acquisition of Z Energy.

On behalf of the Board, I would like to congratulate Managing Director and CEO, Matt Halliday, his executive team and all Ampol employees for achieving outstanding results in 2022, all delivered against the backdrop of an extremely challenging international environment and ongoing issues in the domestic economy.

I would also like to thank all our customers and stakeholders, including our suppliers and joint venture partners, who remain vital to our continuing success. Lastly, I would like to thank you, Ampol's shareholders, for your continued support of the company and for coming on the exciting journey that we are creating.

We are looking forward to another great year in 2023.

All the best,



Steven Gregg

Chairman

