

## Operations Report – Convenience Retail

National retail network rebrand completed, as operational excellence and growth strategies gather further momentum

**\$1 million**

Money raised for Ampol Foundation through our retail network

**50**

Number of Ampol Woolworths MetroGo stores now in network



### CASE STUDY



#### Ampol launches "Powering Our Way of Life" campaign

Ampol launched the next phase of its brand strategy with its "Powering Our Way of Life" multimedia campaign in July. The campaign is ongoing and celebrates Ampol's role at the centre of Australian journeys and our evolving customer offer as part of the energy transition.

The new campaign is based on the idea that, wherever your journey starts and ends in Australia, Ampol is there to provide the fuel, energy and mobility solutions you need to get moving and keep moving – on the forecourt, on the road or at home.

"Powering Our Way of Life" aims to reflect our strategy of evolving from a traditional transport fuels and convenience retail provider to a broader distributor of energy solutions for the future.

The "Powering Our Way of Life" campaign was created by Saatchi & Saatchi Australia and launched on national broadcast television. The campaign has been supported by an integrated media buying strategy, via iProspect and has included TV, outdoor, cinema, radio, online display, social and sponsorship partnerships.

In 2022 Convenience Retail completed the Ampol network rebrand, continued to execute its growth strategy and remained focused on operational excellence to deliver for customers and shareholders. New food and merchandise offerings were launched, we progressed the development of new strategic sites and continued the rollout of Ampol Woolworths MetroGo. We were also proud to leverage our network to raise over \$1 million for three Ampol Foundation charity partners.

### Strong fuel, shop and network performance

Despite COVID-19 disruption and extreme weather events in the early parts of the year, along with the ongoing impacts of higher retail fuel prices across Australia, Convenience Retail delivered strong operational and financial performance in 2022.

Rapidly rising crude and product prices early in the year following Russia's invasion of Ukraine put pressure on fuel volume and margins in the first half. Pleasingly, the business recovered to deliver a strong second half with total fuel sales volumes across the year rising by 0.5% on an equivalent basis.

Shop performance remained strong across 2022. Total shop income increased by 17% and gross margin to 33.9% post waste and shrink. Average basket size also grew across the year, demonstrating strong momentum in the execution of our retail growth strategy. In 2022, we completed the delivery of our non-fuel RCOP EBIT uplift target of \$85 million two years ahead of schedule.

This result has been supported by an ongoing focus on reducing costs, including waste and shrink, and the ongoing optimisation of our network. 39 marginal sites were closed in 2022 and we delivered two new-to-industry sites.

### Driving operational excellence the Ampol way

In late 2021, Ampol launched an internal program to improve execution consistency and support retail employees' understanding of the expectations required to deliver greater customer experiences across our company-operated network.

The Ampol Way was introduced to ensure the entire retail team remains focused on consistent shop merchandising standards and customer experience. This included the creation of a comprehensive playbook for frontline staff, including 10 key customer drivers and touchpoints. This work was supported by introducing two new customer experience measures – merchandise check and mystery shop.

In Q1, the national baselines of the customer experience measures were established. 2022 year-end results showed improvement across both merchandise check (3.1% increase to 84.3%) and mystery shop (4.3% increase to 82.9%).

## Network rebrand completed

The return of the Ampol brand continued to strongly resonate with the Australian community in 2022 as we completed the rebrand of over 1800 retail locations nationally.

The transformation of our entire retail convenience network was an outstanding outcome, achieved in under two years despite the vast challenges created by COVID-19. The revitalisation of the Ampol brand continued in 2022 with the launch of the "Powering Our Way of Life" campaign, and the ongoing execution of sponsorships and community partnerships.

The rebirth of Ampol as a brand Australians know and love is demonstrated in our key brand health metrics, which continue to improve. Prompted awareness as well as brand preference and association targets were all met across Ampol, Amplify Premium Fuels and Foodary.

## New sites and continued format strategy rollout

The redevelopment of our Pheasants Nest service centre in NSW is an example of a key growth opportunity for Ampol. The state-of-the-art, world-class highway service centre facility will open in 2023 and will provide the highest quality amenities for retail customers and professional drivers alike.

Further complementing our rebrand, network optimisation and development of new-to-market sites has been the ongoing execution and subsequent growth of our Tier 1 format strategy, Ampol Woolworths MetroGo. Ampol Woolworths MetroGo South Melbourne was launched in November, the 50th such store across NSW and Victoria.

We also delivered several points of difference to our foodservice offering in 2022. The introduction of the new, Ampol-exclusive, ready meals brand, The Street Food Co, helped continue the diversification of brands available to customers. We also supported two emerging Australian retail brands, with the launch of Bennett Street Dairy cookies and Doughnut Time doughnuts to customers in parts of our network.

## Forecourts adapt to energy transition

The rollout of our future energy strategy on our forecourts also commenced in 2022, following the launch of our AmpCharge electric vehicle fast-charging offer. The delivery of our first AmpCharge infrastructure occurred at our Alexandria Ampol Woolworths MetroGo store, and we commenced an initial rollout of AmpCharge infrastructure to four further sites with an initial target of more than 100 sites nationally.

Decarbonisation also remains a priority of Ampol's long-term retail convenience strategy as we strive towards our target of reducing Scope 1 and 2 operational emissions by 25% by 2025. An energy audit of 12 retail locations in 2022 helped measure usage and identify energy savings opportunities. This led to a successful pilot program of LED lighting upgrades across 17 NSW and Victoria locations, with further deployment across these states to come as a priority in 2023.

## Retail fundraising reaches new heights

Finally, we were proud to leverage our network, the dedication of our employees, and the generosity of customers and supply partners to raise over \$1 million for our Ampol Foundation charity partners in 2022.

Three major fundraising campaigns were delivered across the year. \$400,000 was raised for Surf Life Saving Australia in November, \$370,000 was raised for The Smith Family's Learning Clubs program in July and a further \$250,000 was raised to support youth mental health programs delivered by The Sebastian Foundation in April.

Ampol is committed to giving back to communities across the country, and we were proud to use our retail network in 2022 to support our major partners delivering incredible work in water safety, education and mental health across the country.

