#### **Operations Report**

# **Convenience Retail**

Successful execution of the retail strategy reinforced our customers' ongoing connection to the Ampol Foodary brand.



Ampol understands the important role our market-leading national retail network plays for approximately three million Australian customers every week. 2023 allowed us to continue investing, assessing and refining our customer offering in order to deliver an excellent Ampol Foodary experience. New additions to our retail strategy and the launch of our highway strategy were key highlights for the year.

## Convenience Retail contributes to improved earnings mix

Convenience Retail continued to perform strongly with RCOP EBIT earnings up 2.1% to a record \$355 million. Improved fuel margins helped offset operating costs, including labour, electricity and interest costs. The total volume of retail fuel sales decreased by 1% on a like-for-like basis.

The increasing prevalence of vaping and illicit tobacco sources in Australia led to a significant decline in Ampol's tobacco product sales, reducing overall shop sales. Excluding tobacco, network shop sales grew 3% on a like-for-like basis as key categories of bakery, snacks, beverages and confectionery achieved strong growth contributing to an increase in Average Basket Value. Shop gross margin also continued to improve.

Our network optimisation is now complete. We are focused on improving the quality of our network through site rationalisation, investment in premium sites and improving our network tiering and micro-market offering.

Retail Convenience TRIFR was broadly in line with 2022's historical best safety performance (3.5 in 2022 to 3.8 in 2023).

#### Leveraging the retail network

With strong shop performance complementing improved fuel margins, we continued to leverage our retail network to explore new opportunities.

Midway through 2023, the Ampol Woolworths MetroGo pilot ended, with these sites since converting to the Ampol Foodary brand. We remain committed to our partnership with Woolworths and the Everyday Rewards program and offerings.

This decision provided us with a greater flexibility to leverage the entirety of our network and execute the next phase of our retail strategy. We are currently prioritising a tiered approach to our Foodary offer to cater for an evolving customer base, drive retail innovation and ensure the right retail format is reflected across the communities in which Ampol Foodary operates.

Ampol also continues to unlock potential through our Quick Service Restaurant (QSR) strategy. Ampol is the largest franchisee of juice and smoothie brand Boost Juice and has commenced a trial of operating Hungry Jack's restaurants. We are also currently expanding our presence across online delivery platforms UberEats and DoorDash.

Our retail product offering continued to evolve in 2023. Following last year's successful Victorian pilot, Doughnut Time was welcomed to more than 500 Ampol Foodary sites across Australia. This national expansion proved another example of Ampol supporting local businesses delivering quality Australian products to our customers.

Ampol Foodary was unveiled as one of Australia's select retailers for MrBeast's Feastables range of chocolates. This range of confectionery was founded last year by YouTube sensation, MrBeast, the world's most popular content creator. The Feastables range speaks to our ambition of innovating our retail offering by providing unique and distinctive products.

Our new blend of coffee that's 'meant to be' is now available across the country (excluding Western Australia). The new coffee blend is made up of the bold flavours of Robusta and the complex, delicate profile of Arabica beans; both globally sourced for their flavour, locally roasted and freshly ground in-stores. Customer satisfaction to date has been encouraging.

Ampol's EV charging solution AmpCharge continued rolling out to forecourts in 2023. As of 31 December 2023, 82 charging bays had been installed as part of a national commitment to install 300 charging bays by the end of 2024.

#### Highway upgrade strategy launched

As part of our retail strategy, we committed to an investment program to upgrade highway service centres along key Australian transport routes.

The highway strategy is part of our mission to power better journeys, where all drivers and their passengers are able to refuel and re-energise in the comfort of modernised facilities.

Our Ampol Foodary Pheasants Nest sites on the Hume Highway in New South Wales were the first to open as part of this strategy and have set a new standard in comfort, retail convenience and wellbeing for customers and long-haul drivers.

The newly developed Pheasants Nest sites include a large food court area with both indoor and outdoor dining areas, children's play areas, truck driver amenities, separate fuel and diesel canopies, outdoor spaces to refresh including a dog park, dedicated caravan and coach parking spaces and a fresh convenience offer. In addition to Ampol Foodary, Hungry Jack's and Boost Juice; Oporto, Oliver's, Krispy Kreme and Durk's Café are now available at Pheasants Nest.

The upgrade of our M1 Northbound service centre at Wyong, New South Wales was completed in time for the busy end-of-year holiday period. The M1 Southbound site is due to be completed in the first half of 2024, with further highway development announcements to be made in due course.

# Ampol Foundation key fundraising for charity partners

As Australia's leading transport fuels provider that operates in hundreds of communities across the country, we are passionate about keeping people and customers safe and remain dedicated to improving access to education among disadvantaged youth.

The Ampol Foundation had yet another successful year with three key fundraising campaigns executed across our retail network. Thanks to the generosity of loyal customers and selected suppliers, Ampol raised over \$1.2 million for key charity partners The Smith Family, Surf Life Saving Australia and Sebastian Foundation.

We also showcased our Glampol campaign in February to raise awareness of LGBTQIA+ inclusion and drive in-store donations for youth mental health charity Minus18 across 10 Sydney CBD Ampol Foodary sites.



### **○ CASE STUDY**

#### Customer connection at the forefront

The convenience shopper of 2023 sought value for money as cost-of-living pressures took hold.

Recognising this, we introduced the Crave 'n Save promotion which offers customers more value for their money with different monthly combo deals and discounted prices.

We also broke new ground in 2023 through our 'Flip to Win' Premium Fuels promotion, the first campaign to be launched across the entirety of the Ampol-branded network. The Q4 promotion received over 179,000 entries and was driven by a simple digital game that offered customers the chance to flip a digital coin to win physical AmpolCash (up to the value of \$100 when they spent more than \$30 on Amplify Premium Fuel) and a weekly opportunity to win free fuel for a year.