

Operations Report

Fuels and Infrastructure

Strong financial performance while maintaining safe and reliable operations.

Fuels and Infrastructure
RCOP EBIT

\$736m



Fuels and Infrastructure (Ex-Lytton and Future Energy) earnings more than doubled year on year while Lytton earnings eased from the historical highs in 2022.

Fuels and Infrastructure (Ex-Lytton and Future Energy) sees growth

Fuels and Infrastructure (Ex-Lytton and Future Energy) earnings grew substantially through 2023, doubling the 2022 result. The result reflects the flexibility of our integrated supply chain to adapt to changing market conditions. This includes the ability to optimise our freight and infrastructure advantage, benefiting from freight spreads and when gasoline blending opportunities arise. Our access to and insights gained from major international markets developed over the past decade inform supply decisions and third party sales. Fuels and Infrastructure Australia (Ex-Lytton and Future Energy) earnings more than tripled as total Australian sales volumes rose 11% to 15.6 billion litres.

Fuels and Infrastructure International earnings rose 22% over the 2022 result (on a continuing basis which excludes earnings from Gull). International sales volumes (excluding Z Energy) rose 12% as we leveraged our Australian and New Zealand demand to grow third party sales. The strong 2023 result includes an uplift in the contribution from the US Trading and Shipping operations as US sales volumes rose by approximately 0.6 billion litres.

Our Trading and Shipping business celebrated 10 years in Singapore in 2023, growing to be a significant contributor to the profitability of the Group, with capability and capacity growing significantly over the decade.

Lytton refinery impacted by disruption

Lytton earnings eased from the historical highs in 2022. Labour and electricity charges increased operating costs and total production for the year was lower, due mainly to an unplanned outage in the second quarter.

While refining earnings fell, Singapore product cracks eased from the exceptional highs during the 2022 financial year, despite remaining above historical levels, and global refining conditions remained favourably balanced. For the majority of the year the Lytton refinery was able to take advantage of these favourable product cracks with the Refiner Margin for 2023 averaging US\$12.81/bbl.

Safety performance remains a high priority for our Fuels and Infrastructure business. The Fuels and Infrastructure Australian operation initiatives to improve safety outcomes delivered a Total Recordable Injury Frequency Rate (TRIFR) decrease to 2.2 (down from 4.2 in 2022).

Secured and retained customer success

Around 110,000 business and SME customers continued to benefit from Ampol's supply chain and quality products in 2023.

An example of a key customer contract renewal was the five-year deal signed with Roy Hill to supply diesel to its iron ore mine sites, through Port Hedland. The renewal has provided the opportunity to retain and secure longer-term contracted volume as well as explore terminal efficiencies and margin improvement opportunities.

Our partnership with Australia's leading trucking association National Road Transport Association (NatRoad) delivered on its promise to support Australia's freight transport sector. By connecting NatRoad with our leading diesel refuelling network, we exceeded our volume target across an unprecedented 1,500 members and delivered more than \$15 million in savings for the freight industry across our truck network of more than 380 Ampol sites.

Lubricants enjoy rebound year

After supply disruptions during 2022, the lubricants business had a better year achieving improved consumer brand awareness and sales.

Lubricants returned to pre-COVID-19 profitability, as a result of both a stabilisation of base oil prices and global additive supply improvements.

Our lubricants marketing alliance with ExxonMobil has helped maintain a network of additive suppliers in Australia, South-East Asia, the USA and Europe and ensure contingency arrangements remain in place for any potential future disruptions.

Our lubricants manufacturing facility in Queensland remains a significant source for our major volume products including engine oils, driveline fluids and hydraulic oils, where continuous improvement initiatives ensure ongoing competitive supply to our large network of retail and business customers.

Ultra Low Sulfur Fuels project

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 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.

Kurnell update

In August 2023, Ampol entered into an enforceable undertaking with the New South Wales Environmental Protection Agency (EPA) relating to an incident in April 2022 at Ampol's Kurnell fuel transfer terminal, which resulted in hydrocarbon-impacted floodwaters escaping from the terminal. Ampol contributed \$700,000 towards four projects to enhance and improve the local environment and community. Further details of the incident and undertaking can be found in the Directors' Report forming part of this Annual Report.

○ CASE STUDY

Launching new AmpolCard platform

With the customer at the heart of everything we do, it's important we continue to update and develop new systems to ensure we remain technologically viable. Finding solutions that not only support the business today but also into the future remains essential.

We were proud to launch a new 'card ecosystem' for AmpolCard. The launch included a streamlined AmpolCard platform and mobile-compatible online portal as well as new API management and data warehouse systems. This implementation took over four years and involved the migration of approximately 11.2 million records.

Supported by a core project team of 80 people across 12 work streams, the new AmpolCard ecosystem launched in mid-December. Work continues to optimise and finalise the reporting system for the platform.

Our AmpolCard and AmpolCash product make up approximately 30% of retail fuel volume with thanks to our 80,000 Australian business customers. From local small to medium enterprises to national commercial fleets, all levels of government and leading trade and industry associations, AmpolCard continues to be fundamental for businesses across Australia.

