

Convenience Retail

Our Convenience Retail team remained focused on executing its growth strategy in 2021.

\$489,000

raised for The Smith Family and Surf Life Saving Australia combined through our retail stores

450 company-controlled retail sites rebranded to Ampol at end 2021. A total of 880 sites rebranded across the entire network

\$52.6m

Convenience Retail non-fuel cumulative EBIT uplift delivered to date (2020 and 2021), on track to achieve \$85m EBIT uplift by 2024

TRIFR **4.6** down from 10.1 in 2020

Ampol Woolworths Metro Kingsford named Australian Association of Convenience Stores (AACS) **2021 Store of the Year**

Launched **The Ampol Way**

Despite another challenging year due to the ongoing impacts of COVID-19 on consumer demand and our people, in 2021 the Convenience Retail team remained focused on revitalising the Ampol brand, executing its growth strategy and being agile and resilient to deliver for our customers.

Milestones included rebranding more than half of the network to Ampol, receiving the AACS Awards' Store of the Year Award for Ampol Woolworths Metro Kingsford, launching The Ampol Way across our network, continuing to improve safety performance and activating fundraising campaigns for The Smith Family and Surf Life Saving Australia.

Financial performance

Convenience Retail delivered an RCOP EBIT of \$253.7 million in 2021. This was lower than 2020 due to the COVID-19 impacts in the second half that offset 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 as a 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.

Our focus on optimising our network saw the planned closure of 19 marginal sites and the addition of one new-to-industry site. Combined with divestments and transfers to alternate operators, the company-controlled retail network size reduced by 3.4% to 684 compared with 708 at the same time last year.

The rebrand program is progressing well with 880 sites completed at the end of 2021, including 450 company-controlled retail sites. The rebranded sites are outperforming the "control" sites in key measures of total transactions, as well as volume measures including total fuel, premium petrol and AmpolCard. We have also delivered ongoing improvements in prompted and unprompted customer awareness of the Ampol brand among all demographic segments.

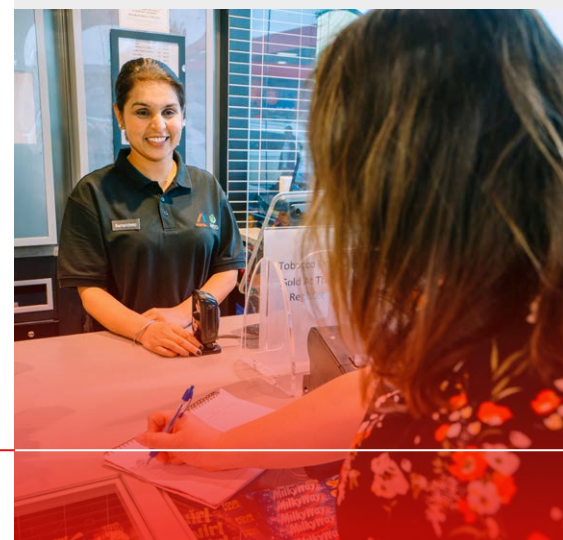
Importantly, our people continued to demonstrate resilience to ensure that we continue to operate safely for our customers, with COVID-19 protocols well embedded in our operating rhythms.

📖 CASE STUDY

Delivering for our customers The Ampol Way

Ampol was proud to launch an internal program in the fourth quarter to improve consistency in customer service across our network and support employees to *Power better journeys* through great experiences.

With the rapid growth in the number of frontline retail employees over the past four years – from only a few hundred to over 6,500 today – a solution was required to ensure that all employees have a strong understanding of the expectations and requirements of Ampol in delivering a great customer experience and operating safely.



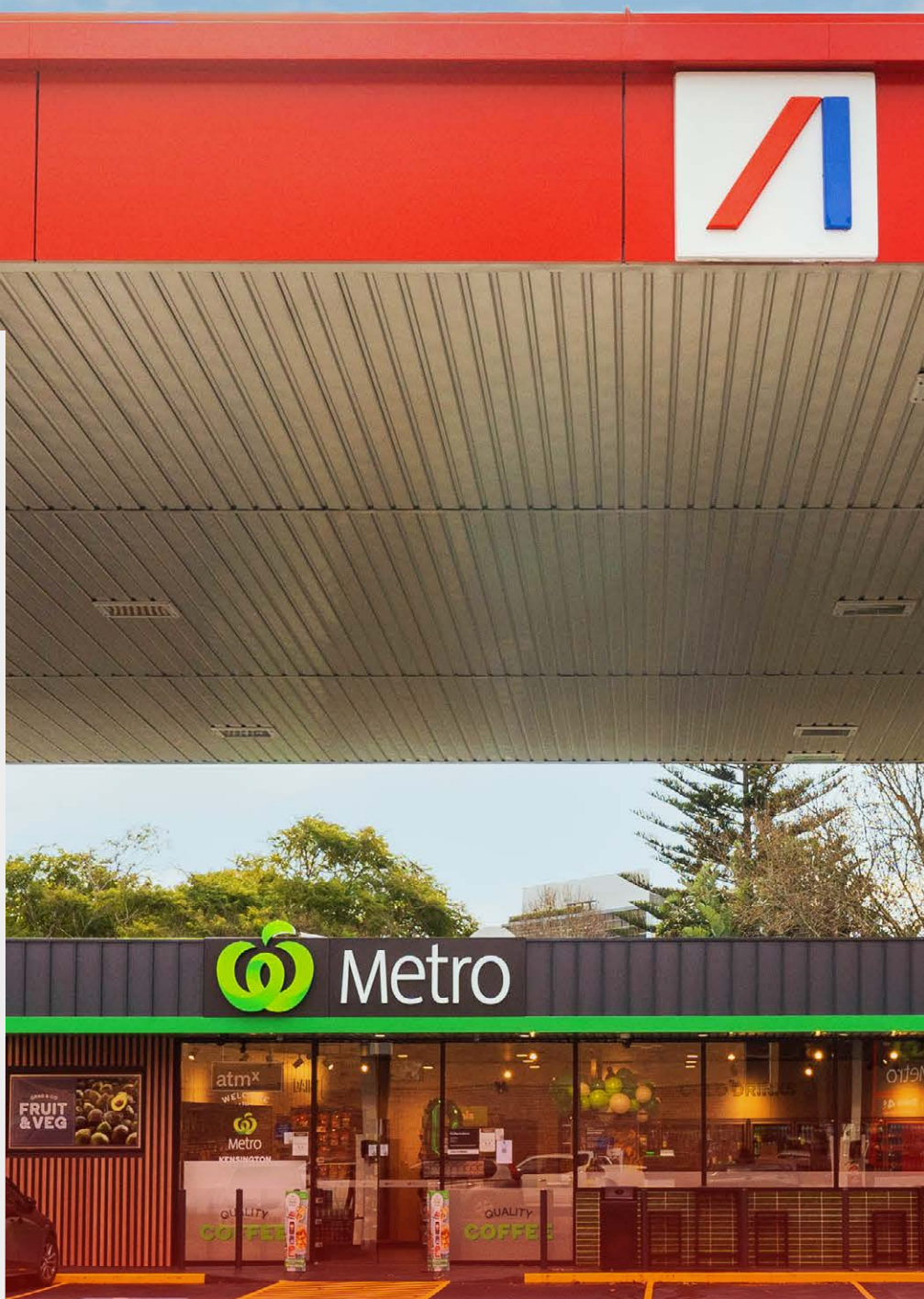
The Ampol Way, with the central tool being The Ampol Way Playbook, is a comprehensive guide that both managers and employees alike can utilise to access information, including the 10 key customer drivers and 10 most important customer touchpoints, as well as minimum customer service store standards and procedures. The Playbook also features a Drive Time routine, designed to prepare stores for maximum efficiency across peak hours.

Joanne Taylor, Executive General Manager, Consumer and B2B, said: "We were really proud to launch The Ampol Way in October 2021 to improve our engagement with front-line retail employees and support an improved customer experience, from car to counter.

"Having consistency across our network is key to ensuring our customers have a positive and memorable experience and in turn support better customer relationships and improved store returns.

"Continuing to engage our people and reinforce The Ampol Way will be a key priority in 2022. There is already a high level of engagement and support for the program, and we look forward to continuing to deliver great experiences for our customers in the future, The Ampol Way."

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20

new Ampol Woolworths Metro sites added in 2021, with 26 sites now in operation

Convenience Retail continued

Leveraging the rebrand to transform our network and connect with communities

The revitalisation of the Ampol brand is a key part of our business strategy and has provided a unique opportunity to reinforce our customer connections and engage our people and the communities in which we operate.

We have made significant progress with the revitalisation of our iconic Australian brand across our network, with 880 sites rebranded across our entire network, including 450 company-controlled retail sites. The brand is resonating extremely well with customers, with quality, community impact and trust being key elements that consumers identify with our brand.

The roll-out of *Amplify* premium fuels and AmpolCard have been key elements of the Ampol rebrand. In 2021, the *Amplify* range completed an upgrade to a new additive that helps increase fuel efficiency, with positive responses to the fuel brand by both retail and business customers. The transition to AmpolCard was also completed in 2021.

The rebrand has also presented an opportunity to refresh the appearance of our company-controlled network, with rebranded sites transitioned to either a *Foodary* or an Ampol Woolworths Metro. Our broader retail network of distributor and Retail Owned, Retail Operated (RORO) sites continue to be engaged in the revitalisation of Ampol, with 384 distributor sites rebranded to Ampol in 2021.



During November 2021, we raised over \$145,000 for Surf Life Saving through our retail network

A major focus in 2021 was leveraging our network to make a positive impact on the communities in which we operate. Two major fundraising campaigns were delivered over the course of the year, which raised over \$343,000 for The Smith Family and \$145,000 for Surf Life Saving Australia. Retail employees also participated in volunteering activities, including for the Perth Homeless Support Group and letter writing to local Ampol-sponsored students from The Smith Family's *Learning for Life* program.

Our partnerships are key to our success

Ampol Woolworths Metro, our Tier 1 format delivered in partnership with Woolworths, continues to perform well and has set a new benchmark for convenience, service, product quality and range as the sites become central hubs for local communities in metropolitan Sydney and Melbourne. In recognising the success of the format, the Ampol Woolworths Metro Kingsford store was awarded Store of the Year and Corporate Store of the Year at the AACS Awards, demonstrating how the format innovation, range optimisation and enhancement, leading offers, technology, loyalty programs and excellent customer service available at Kingsford caters to a range of shopping missions and delivers a truly convenient solution for customers.

In 2021, we made significant progress with the roll-out, adding an additional 16 sites in Sydney and entering the Melbourne market with 4 sites.

Our long-term partnership with Woolworths continues to grow, and we will be expanding the number of Ampol Woolworths Metro sites in 2022 across both New South Wales and Victoria, working together to deploy the right format at the right location.

Our QSR partners, including our direct partnership with Boost, continues to play a key role across our network in generating traffic to our sites. Our partnership with Uber has also grown, with Uber Eats now available at more than 400 Ampol sites across the country, with 19 new sites added in 2021. Supported by the trend to online delivery, sales via Uber Eats continued to grow in 2021 and we expect this trend to continue as customer needs evolve.

Shaping our network for the future

We have remained focused on improving the quality of our network and building on work delivered in 2020 to refine our footprint and deliver stronger returns.

In 2021, this included the planned closure of 19 marginal sites, as well as the addition of a new-to-industry site in Yarrabilba, Queensland. We also executed a property transaction with Charter Hall Retail REIT for the sale of a 49% minority interest in 20 freehold sites, expecting the release of \$48 million in net proceeds.



Planning the redevelopment of four existing highway service centres on the M4 Motorway at Eastern Creek and on the Hume Highway at Pheasants Nest was a focus in 2021, with development plans for Pheasants Nest submitted to local council. These four Tier 1 sites present a strong growth opportunity for Ampol given their privileged location on major motorways.

In 2022, we will remain focused on maximising returns from our network, with new-to-industry sites targeting high-volume highway locations as well as regional growth areas.

Operational excellence is key to our growth

2021 was our first full year as a company-controlled network, following work delivered over the past four years to transition from a franchise model. As a result, the role of our retail excellence team has become even more important, with our retail workforce having grown from only a few hundred employees, to over 6,500 today.

Our retail excellence team is focused on optimising performance and delivering a consistent and exceptional experience for our customers, with safety, merchandising standards and in-store presentation being the key focus areas.

In preparation for 2022, we launched The Ampol Way to retail employees. The Ampol Way sets out the minimum standards for ensuring the customer experience from car to counter is delivered in line with Ampol values and expectations.

The program also includes a Drive Time routine, designed to prepare stores for maximum efficiency across peak hours.

All managers and employees are engaged in understanding their role in delivering The Ampol Way, with performance tracked through mystery shopping and merchandise checks.

In addition to improved engagement amongst retail employees, greater control over our network has enabled efficiencies across workforce optimisation, waste and shrinkage, and we were pleased to make further progress reducing cost in these areas in 2021.

Optimising range continues to be a focus

Optimising the product range available at our stores was a key focus in 2021, with a range segmentation program delivered to reduce waste, allocate stock efficiently and forecast accurately.

The delivery of this program included the segmentation of stores based on their sales performance across a range of categories. This resulted in a new methodology for merchandise planning where the breadth of range available at a store is now determined by the store's performance profile. This new method has proven to significantly reduce waste, support profitable operations and ensure the right product is placed in the right store.

Key suppliers were engaged through the development of this method to ensure an aligned understanding of the needs of our customers.

Strong improvement in safety performance

With the transition from franchise operations virtually complete, safety values are now embedded across the business, and this is reflected in a reduction in injuries and improvement in safety culture and leadership.

In 2021, our TRIFR reduced to 4.6, from 10.1 in 2020. Our year-on-year safety improvement has resulted in both TRIFR and DAFWIFR outperforming the levels achieved in 2018 when there was a significantly smaller cohort of company-operated stores.

Improvements have also been achieved across all injury categories, with significant reductions in the incidents of slips, trips, falls as well as manual handling. Pleasingly, there have been no Category 2 injuries recorded in 2021.

Improvements in safety performance have been achieved through specific actions to continue to strengthen our safety culture, including leadership-driven safety communications, ongoing safe work practice communication, dedicated projects for the re-engineering of higher risk tasks and a refreshed core compliance assurance program. We also continued to ensure that effective COVID-19 controls were in place. We will continue to deliver initiatives aimed at improving safety culture and performance in 2022.

Environmental risk was also a strong focus during the year, with key initiatives including the implementation of a refreshed Underground Petroleum Storage System (UPSS) risk model, enhancement of our Statistical Inventory Reporting Analysis (SIRA) tools, proactive equipment integrity testing and the commencement of a multi-year risk-based UPSS replacement program together with the roll-out of Automatic Tank Gauging (ATG).



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