

ASX Release



29 November 2024

UPDATE ON OPERATIONS AT LYTTON REFINERY AND PROPOSED SUBORDINATED NOTES ISSUANCE

Key points

- Successful completion of repairs to the regenerator, part of the Fluidised Catalytic Cracking Unit (FCCU).
- FCCU Turnaround and Inspection (T&I) to be deferred into 2026, previously scheduled for second half of 2025.
- Proposed issue of Australian Dollar denominated subordinated notes to the wholesale market, subject to market conditions, with proceeds to be used to refinance maturing debt facilities and for general corporate purposes.

In preparation for a potential subordinated notes issue, Ampol Limited (ASX:ALD) (Ampol) today announces an update on operations at the Lytton refinery and general trading conditions.

Update on repairs to Lytton refinery

In October, Ampol announced that it intended to undertake repairs to the FCCU regenerator during November. This repair has been completed and the FCCU is moving into the start-up process. As a result, we expect total production for 2024 to be approximately 5.2 billion litres.

Furthermore, following an independent assessment of the condition of the FCCU, the T&I that was previously scheduled for 2025 will be deferred to the first half of 2026. This timing will streamline planning and execution of the commissioning and start-up of the Ultra Low Sulfur Fuels project, anticipated to occur during the third quarter of 2025.

Outlook for 2024 net capital expenditure

Net capital expenditure¹ for 2024 is now expected to be approximately \$650 million. This estimate reflects the timing of investment in the Ultra Low Sulfur Fuels (ULSF) project, the Reformer T&I in the third quarter and the recently completed FCCU pitstop at Lytton.

Balance sheet

The combination of the timing of capital expenditure and recent refining performance is expected to increase leverage² at 31 December 2024 to above Ampol's targeted range of 2.0 to 2.5 times Adjusted Net Debt / RCOP EBITDA (excluding significant items). Ampol anticipates returning to within its targeted leverage range in 2025 as refinery performance normalises.

Current trading

The realised Lytton Refiner Margin³ for October increased to US\$6.20/bbl following the completion of the Reformer T&I in September. Recent refinery production run-cuts across the world, coupled with reduced tax rebates on Chinese refined product exports, have led to further improvements in Singapore product cracks during November ahead of the northern hemisphere winter.

Performance since the 1H 2024 results announcement has remained broadly consistent with commentary provided in the 3Q 2024 trading update, which can be summarised as:

- Convenience Retail has continued its strong performance from the first three quarters of 2024.
- New Zealand has followed a similar trend, albeit in a more challenging economic environment, and noting that 3Q 2023 included the one-off recovery of impacts from the New Zealand Government's temporary reduction of fuel excise duty in 2022.
- Fuels and Infrastructure (F&I) Australia's second half performance has been influenced by the supply response to the reduced refinery production, increasing the purchasing of domestic product, while F&I International continues to see limited physical sales and value creating opportunities.

As previously announced, Ampol has committed to an initial \$50 million (nominal) cost reduction target for the 2025 financial year and is pursuing additional opportunities to improve productivity and simplify its business in the period ahead.

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Proposed issue of subordinated notes

Ampol also announces a proposed issue of Australian Dollar denominated subordinated notes to wholesale investors, subject to market conditions and terms.

The proposed issue is part of Ampol's ongoing capital management strategy, with proceeds to be used for refinancing of upcoming debt maturities and for general corporate purposes, in line with the Group's Capital Allocation Framework. If Ampol proceeds with the new issue, pricing and further details will be provided in a subsequent ASX announcement.

In connection with the new issue, Ampol intends to amend or supplement the terms of its outstanding subordinated notes due 2080, 2081 and 2082, so that the new and existing notes are aligned in relation to ranking and certain other matters. The proposed amendments are not conditional on the new issue of subordinated notes.

Authorised for release by: the Board of Ampol Limited.

Notes:

1. Net capital expenditure includes adjustments to capital expenditure outflows for proceeds from divestments and the receipt of Government Grants.
2. Ampol's targeted leverage range is 2.0 to 2.5 times (Adjusted Net Debt / RCOP EBITDA (excluding significant items)) calculated on a last twelve months basis, where Adjusted Net Debt includes net borrowings, lease liabilities in accordance with AASB 16 and hybrid equity credits as an offset.
3. Lytton Refiner Margin (LRM) represents the difference between the market value of importing a standard Lytton Refinery basket of products and the cost of importing the crude oil required to make that product basket.

The LRM is calculated in the following manner:

Weighted Singapore product prices (for a standard Lytton Refinery basket of products)

Less: Reference crude price (the Ampol reference crude marker is Dated Brent)

Equals: Singapore Weighted Average Margin (Dated Brent basis)

Plus: Product quality premium, Crude discount and Product freight

Less: Crude & Feedstock premium, Crude freight, Other related hydrocarbon costs and Yield Loss

Equals: Lytton Refiner Margin

The Lytton Refiner Margin is converted to an Australian dollar basis using the prevailing average monthly exchange rate.

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AMPOL LIMITED
ACN 004 201 307

29-33 BOURKE ROAD
ALEXANDRIA NSW 2015

INVESTOR CONTACT

FRAN VAN REYK
GENERAL MANAGER INVESTOR
RELATIONS AND SUSTAINABILITY
M +61 419 871138
FRANCES.VANREYK@AMPOL.COM.AU

MEDIA CONTACT

MATT PATERSON
EXTERNAL COMMUNICATIONS MANAGER
M +61 402 140757
MPATERS@AMPOL.COM.AU