

ASX RELEASE

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CALTEX REFINER MARGIN UPDATE (DECEMBER 2016)

Caltex advises its realised lagged¹ Caltex Refiner Margin (CRM²), in respect of CRM sales from production for the month of December 2016.

	December 2016	November 2016	December 2015
Unlagged CRM	US\$11.77/bbl	US\$11.54/bbl	US\$14.05/bbl
Impact of pricing lag positive/(negative)	US\$(1.36)/bbl	US\$0.29/bbl	US\$3.15/bbl
Realised CRM	US\$10.41/bbl	US\$11.83/bbl	US\$17.20/bbl
CRM Sales from production	524 ML	540 ML	554 ML

The December unlagged CRM was US\$11.77/bbl. This is above the prior month (November 2016: US\$11.54/bbl) but below the prior year monthly comparative (US\$14.05/bbl).

Regionally, the unlagged Caltex Singapore Weighted Average Margin was US\$11.98/bbl, below the prior month (November 2016: US\$12.95/bbl) and prior year (December 2015: US\$13.73/bbl).

Higher Brent Crude oil prices and a lower AUD/USD exchange rate in the last week of December drove an unfavourable US\$(1.36)/bbl pricing lag (November favourable pricing lag: US\$0.29/bbl).

The December 2016 realised CRM was US\$10.41/bbl, below November 2016 CRM of US\$11.83/bbl and below the prior year comparative (December 2015: US\$17.20/bbl), but modestly above the US\$9.50/bbl refiner margin assumed as part of Caltex's 2016 profit guidance (Full Year RCOP NPAT range: \$500 million to \$520 million).

Sales from production in December 2016 of 524 ML were below the prior month (November 2016: 540 ML) and prior year comparative (December 2015: 554 ML).

For the twelve months from 1 January 2016 to 31 December 2016, the average realised CRM was US\$10.29/bbl (2015: US\$16.46/bbl) with record CRM sales from Lytton production totalling 6,238 ML (2015: 5,465 ML). Prior year sales from production were adversely impacted by the major Turnaround & Inspection maintenance program, which occurs once every five years.

Period ended 31 December	2016	2015
Realised CRM	US\$10.29/bbl	US\$16.46/bbl
Unlagged CRM	US\$10.50/bbl	US\$16.26/bbl
CRM Sales from production	6,238 ML	5,465 ML

Notes

1. A fall in the Australian dollar crude price, particularly at the latter end of the month, produces a positive lag effect on the CRM (i.e. increases the CRM) and, conversely, in the event of a rise in the Australian dollar crude price, a negative lag effect occurs (i.e. reduces the CRM).
2. CRM represents the difference between the cost of importing a standard Caltex basket of products to eastern Australia and the cost of importing the crude oil required to make that product basket.

The CRM is calculated in the following manner:

Weighted Singapore product prices (for a standard Caltex basket of products)
Less: Reference crude price (the Caltex reference crude marker is Dated Brent)
Equals: Singapore Weighted Average Margin (Dated Brent basis)
Plus: Product quality premium
Crude discount
Product freight
Less: Crude premium
Crude freight
Yield Loss
Equals: Caltex Refiner Margin

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

CRM is just one contributor to the replacement cost of sales operating profit (RCOP) EBIT earnings (excluding significant items). Other items contributing to the RCOP EBIT include Transport Fuels volume and margin, Lubricants and Specialties volume and margin, Non-Fuel Income and Other Margin less Operating Expenses.

3. RCOP excludes the unintended impact of the fall or rise in oil and product prices (a key external factor) and presents a clearer picture of the company's underlying business performance. It is calculated by restating the cost of sales using the replacement cost of goods sold rather than the historic cost, including the effect of contract based revenue lags.

Caltex Australia

A proud and iconic Australian company, Caltex has grown to become the nation's leading transport fuel supplier, with a vast network of approximately 1,900 company-owned, franchised or affiliated sites. Caltex aims to be the market leader in complex supply chains and the evolving convenience marketplace, by delivering the fuel and other everyday needs of its diverse customers through its networks. With a history tracing back to 1900, Caltex has safely and reliably fuelled the needs of Australian motorists and businesses for more than a century. It operates as a refiner, importer and marketer of fuels and lubricants. It is listed as CTX on the Australian Securities Exchange. For more information visit www.caltex.com.au

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