



CALTEX AUSTRALIA LIMITED
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10 September 2010

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED
CALTEX PRESENTATION – CLSA INVESTORS' FORUM 2010

Slides and speaker notes for a presentation to be made by Mr Julian Segal (Managing Director & CEO) and Mr Simon Hepworth (Chief Financial Officer) at the CLSA Investors' Forum commencing on 13 September 2010 in Hong Kong are attached for immediate release to the market.

Over the course of the week commencing 13 September 2010, Mr Segal and Mr Hepworth will be making a number of presentations to investors and analysts in Asia. The presentations will be based on the material provided in the attached slides (and speaker notes) and Caltex's 2010 half year results announcement.



Helen Conway
Company Secretary

Contact number: (02) 9250 5281 / 0412 828 018

Attach.

CLSA Investors' Forum 2010

Grand Hyatt Hong Kong,
13 – 17 September 2010



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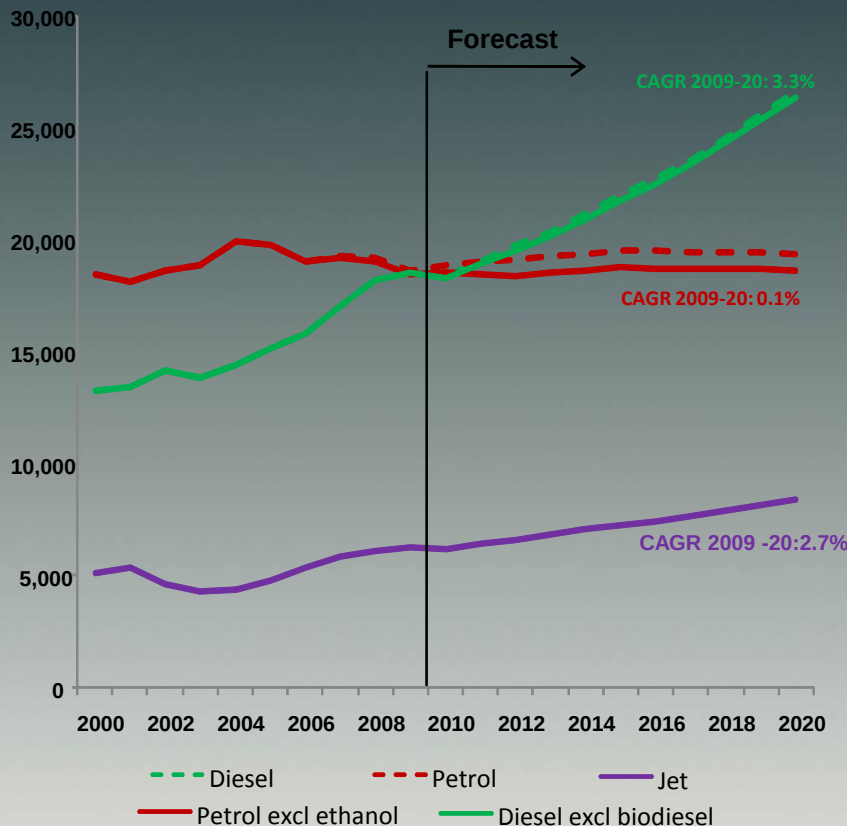
- Australian Transport Fuels Market
- Global Market Developments
- Caltex Strategy



Australian Demand For Transport Fuels

Historical and projected Australian Transport Fuels Market

Growth is led by diesel and jet, with overall petrol volumes forecast to remain flat



- Diesel driven by Australian GDP growth and resources activity
- Increased vehicle fuel efficiency & uptake of diesel vehicles virtually offsets the impact of population growth on gasoline demand
- Growth in air travel in-line with economic growth



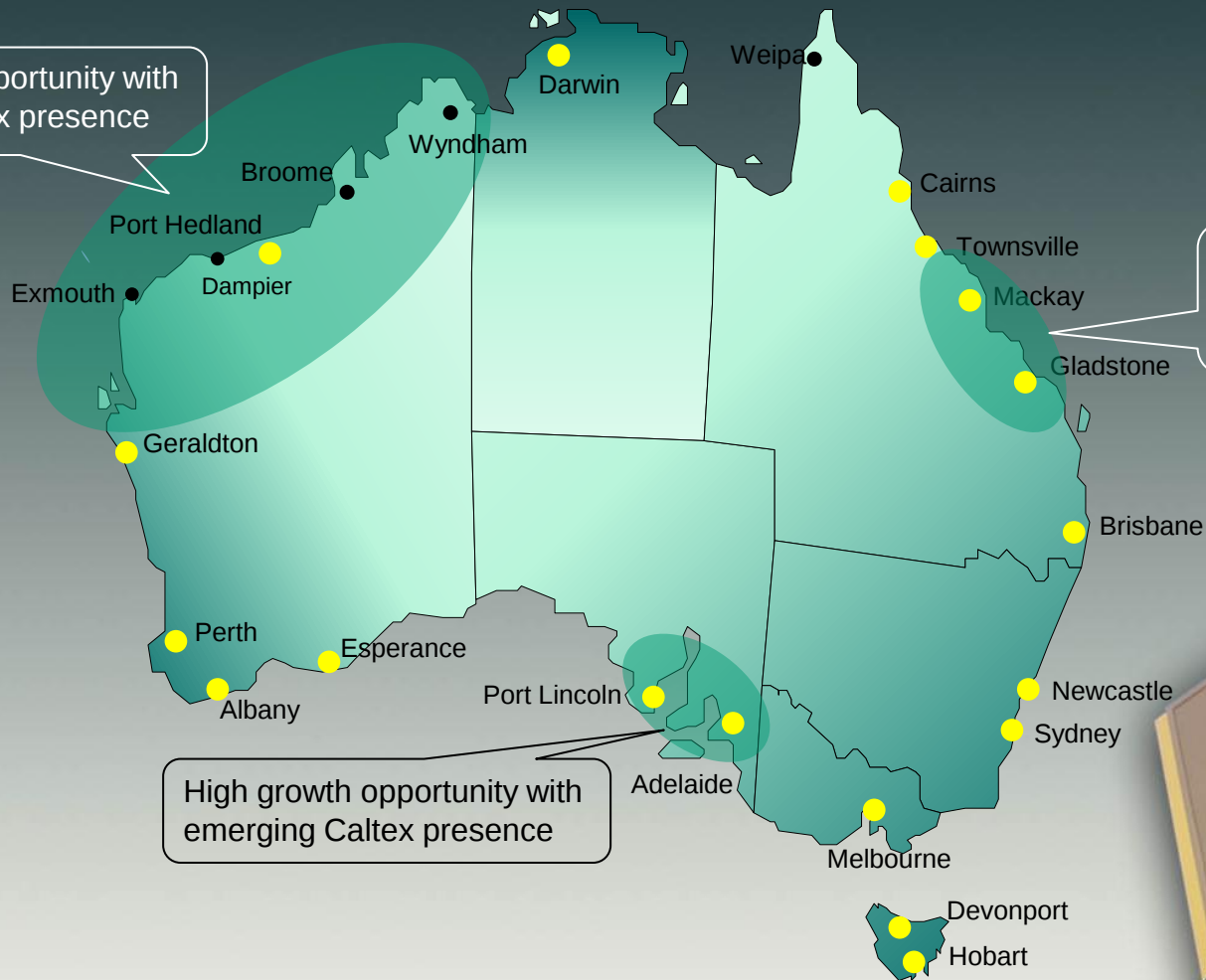
Key growth markets dispersed around coastline

● Locations where CAL has terminal access

High growth opportunity with emerging Caltex presence

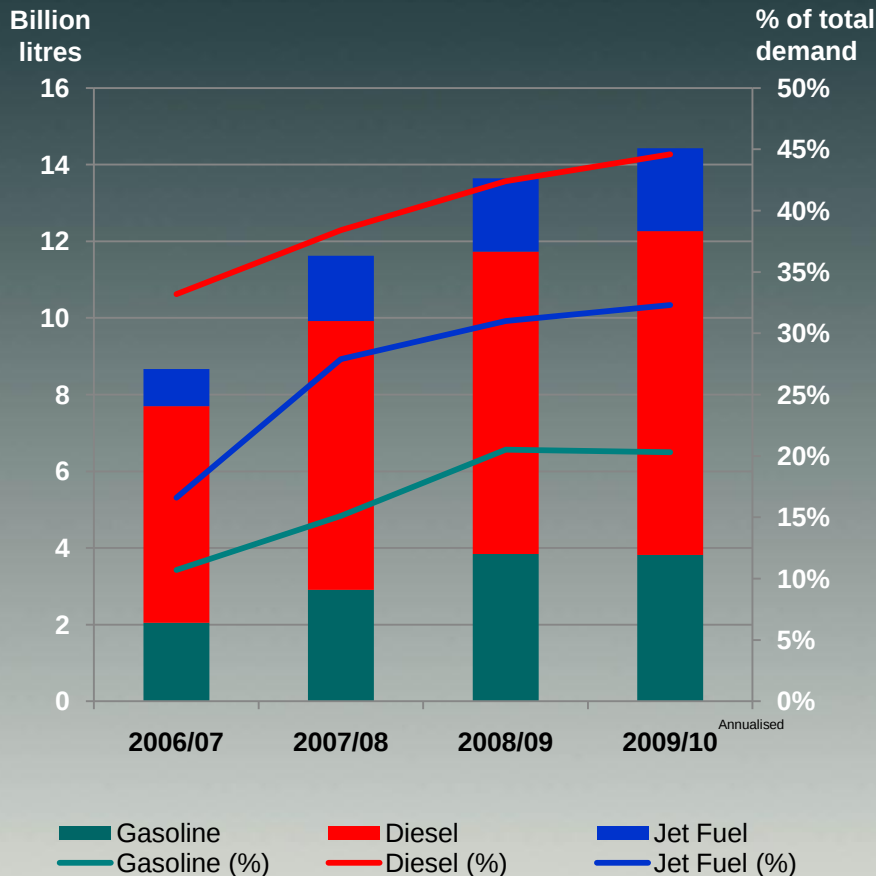
High growth market with growing Caltex presence

High growth opportunity with emerging Caltex presence

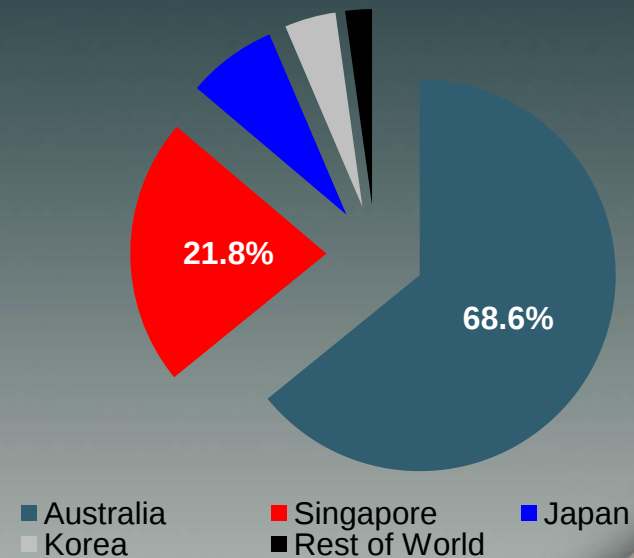


Structurally short, deregulated pricing

Australian net import demand



Australian supply by source 2009*

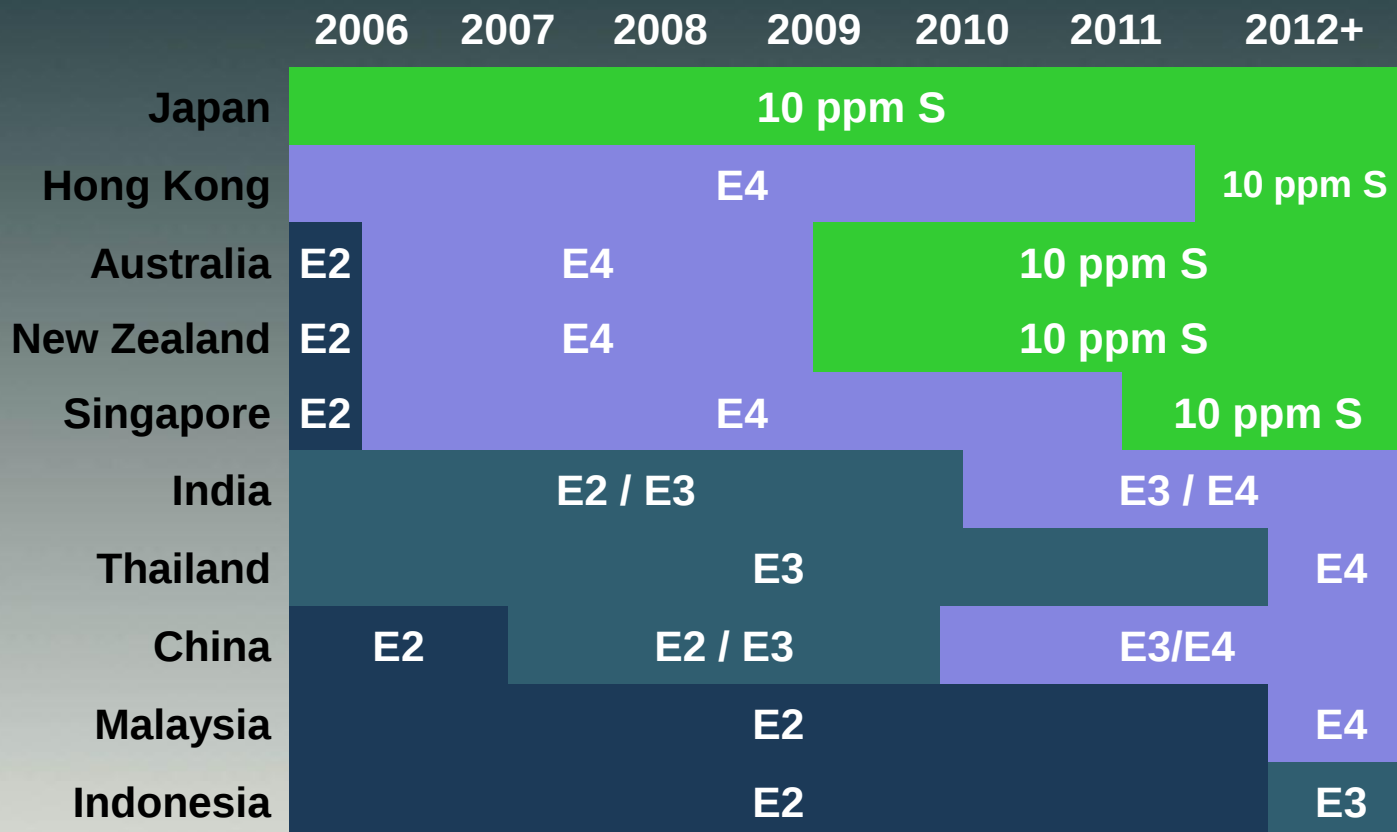


Source: DITR

* For gasoline, diesel and jet fuel only

Amongst the tightest specifications in the region

Diesel Sulphur Specification Outlook for Asia-Pacific



E2 (Euro 2) sets the sulphur limit at 500ppm; E3 at 350 ppm; and E4 at 50 ppm

Source: East-West

Australia gasoline specifications result in a “quality premium”

Gasoline Specification Outlook for Asia-Pacific

	Sulphur (max ppm)		Olefins (max vol%)		Aromatics (max vol%)		Benzene (max vol%)		MTBE (max wt% Oxy)	
	2009	2012	2007	2012	2007	2012	2009	2012	2007	2012
Australia	150	50*	18		45/42		1.0	1.0	0.1	0.1
China	150	150	35		40		1.0	1.0	2.7	
China (Beij)	50	50	25		35		1.0	1.0	2.7	
Canada (BC)	80	10	N/A		N/A		1.5		N/A	
Indonesia	500	500	N/A	N/A	50	40	5.0	5.0	N/A	2.7
Japan	10	10					1.0	1.0		
Malaysia	500	50	N/A	N/A	N/A	42	5.0	1.0		
Philippines	500	50	N/A	N/A	35	35	2.0	1.0	0.2	E10
Singapore	500	50	N/A	N/A	N/A	42	1.0	1.0	N/A	N/A
Sth Korea	10	10	18	13	30	25	0.7	0.7	1-2.3	
Taiwan	50	10	N/A		N/A		1.0	1.0	2.0	
Thailand	500	50	N/A	18	35	35	3.5	1.0		
USA (Calif.)	30	5	10		35		1.1	0.5	E5.7	E10

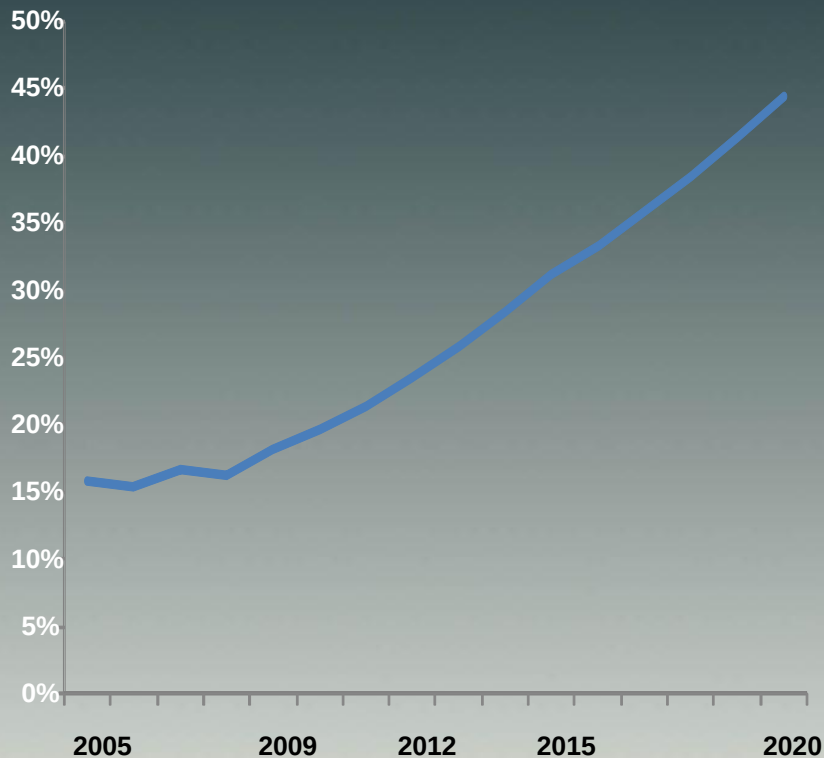


Source: Chevron; IFQC

* - Premium gasoline grades only – 95 research octane and above (from 2008)

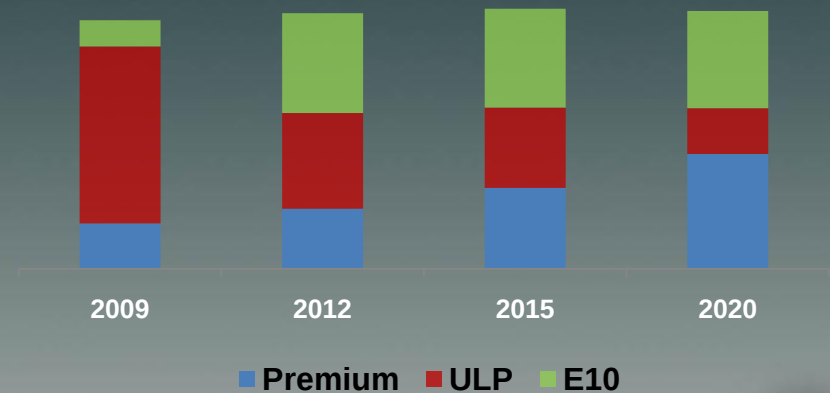
Premium fuels are expected to grow by 8% per annum

Historical and projected percentage of premium gasoline



Source: Caltex analysis

Premium fuels will reach 45% of total petrol sales

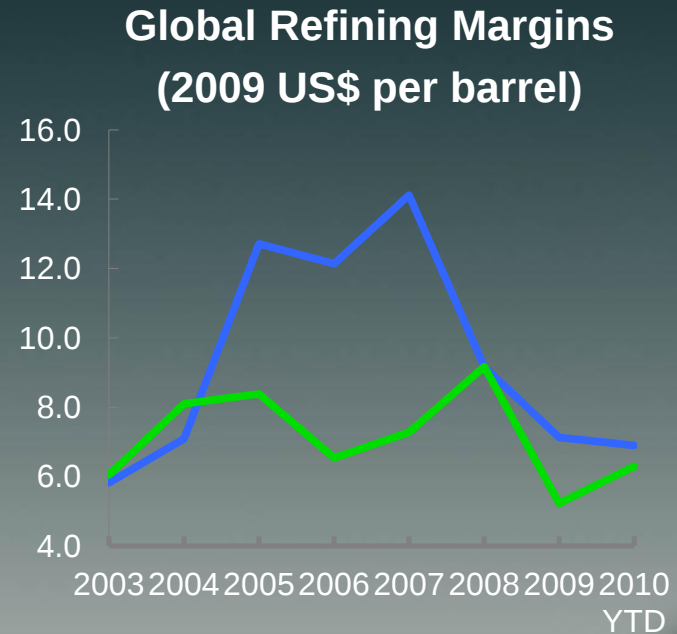
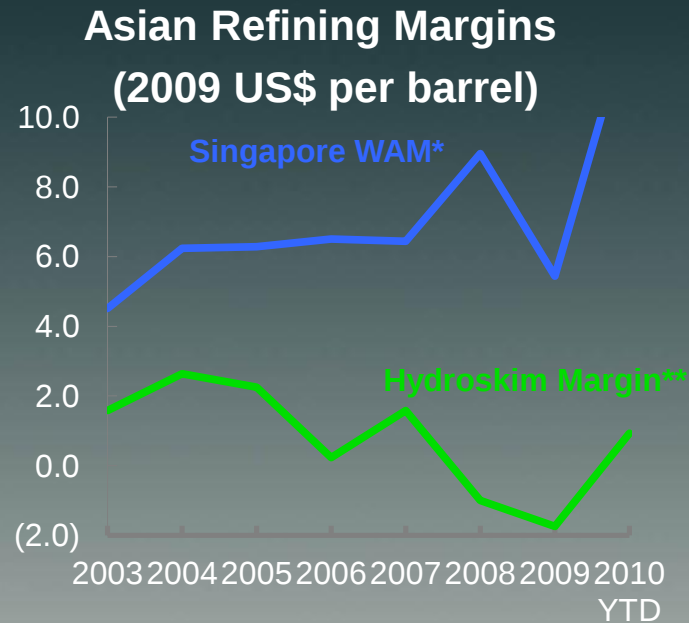


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Falling demand and new capacity have impacted margins



Since the low point in 2009, Asian margins have recovered faster than margins in North America & Europe

* Singapore WAM is the margin for a refinery processing Tapis (APPI) crude and producing CAL's product mix of 53.3% MOPS 95, 30.1% Gasoil (0.5%), 13.2% jet, 3.4% FO, based on Singapore prices

** Hydroskim Margin is the margin for a refinery processing Dubai crude & product mix : 11.5% MOPS 95, 18.5% jet, 22.5% diesel, 42.5% fuel oil, 2% Naphta & includes the cost of crude freight from Mid.East to Singapore



Supply/demand balance

- No significant increase in regional balances of Australian specification product expected over the next 5 years
- Asian Refiners targeting European diesel market and US West Coast gasoline market
- Alternate fuels and technologies unlikely to capture significant share of transport fuels market for the next 5 to 10 years



Regional and Global GDP growth

- Forecast high growth in China and India
- South East Asia growth forecast to average 5% pa
- European and North American growth forecast to average 2-3% pa
- Australian growth supported by Asian economies, average growth forecast 3 – 3.5%



Industry Rationalisation

Refining

		Close/Sell	Hold/Optimise	Grow/Invest
Upstream	No Presence		Valero* Sunoco*	PetroPlus Alon
	Hold/Optimise			
	Grow/Invest	Total Cosmo Oil Showa Shell Nippon Oil	Shell* Chevron* ExxonMobil BP ConocoPhillips Marathon SK Energy	Essar Reliance PetroChina Saudi Aramco Petrobras Lukoil GS Caltex

Consolidation of downstream industry by some majors provides an opportunity for smaller integrated companies, mainly in emerging markets, to acquire these existing refineries

Source: Caltex analysis

*Close/sell poor performing refineries but invest in advantaged refineries



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Caltex Strategy Core Elements

- Culture
 - New values
 - Remuneration system revised
- Cost and efficiency (Catalyst)
- Growth
 - Organic growth in Marketing
 - Premium fuels, diesel, jet, finished lubricants, convenience stores
 - Underpinned by strategic infrastructure investment
- Positioned for inorganic growth



Our Values



Catalyst

What we are targeting

- ✓ Refining Improvement Initiative
 - ✓ \$100 M pa by end 2012 from
 - ✓ Cost efficiencies
 - ✓ Energy efficiencies
 - ✓ Reliability

Progress to date

- ✓ Maintenance contract for Lytton and Kurnell awarded to PSN June 2010
 - ✓ Savings and continued reliability improvement expected from 2011
- ✓ Lytton Operator EBA agreed
 - ✓ Manning level reduction and efficiency gains agreed
- ✓ CLOR Closure announced
 - ✓ Identified benefits flowing to the Fuels refinery
- ✓ Rationalisation of resources across Refining



Catalyst

What we are targeting

- ✓ Procurement benefits
 - ✓ \$100 M total by 2012
- ✓ Corporate Cost Savings
 - ✓ \$15 M in FY 2010, \$20 M pa ongoing savings
- ✓ Marketing restructure
 - ✓ \$8 M in FY 2010, \$15 M pa ongoing savings

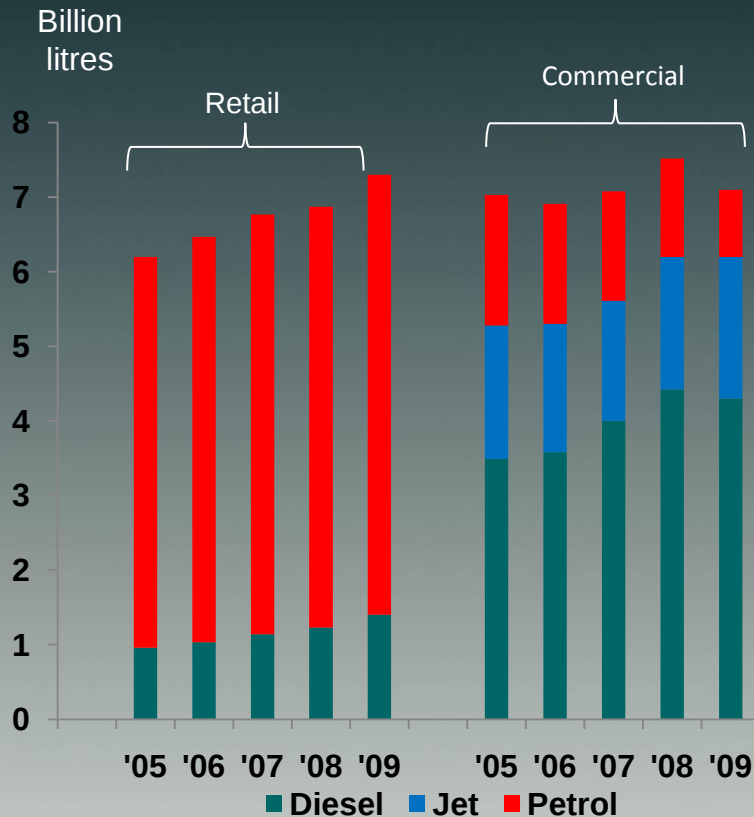
Progress to date

- ✓ Approximately \$10 M delivered to June
- ✓ 120 roles eliminated
- ✓ \$8 M savings to June
- ✓ 43 roles eliminated
- ✓ \$4 M savings to June



Organic growth in Marketing

Transport Fuel Sales Volumes



Retail Channel

- Predominantly gasoline
- Distributed through:
 - Caltex network (Company operated and franchisees)
 - Woolworths supply agreement
 - Independent and equity resellers

Commercial Channel

- Comprises small enterprises to national customers
- All jet fuel and most diesel marketed through this channel
- Strong contribution from finished lubricants

Caltex will continue to pursue growth in

- Diesel and jet
- Finished lubricants
- Premium fuels
- Convenience retailing



Well located infrastructure

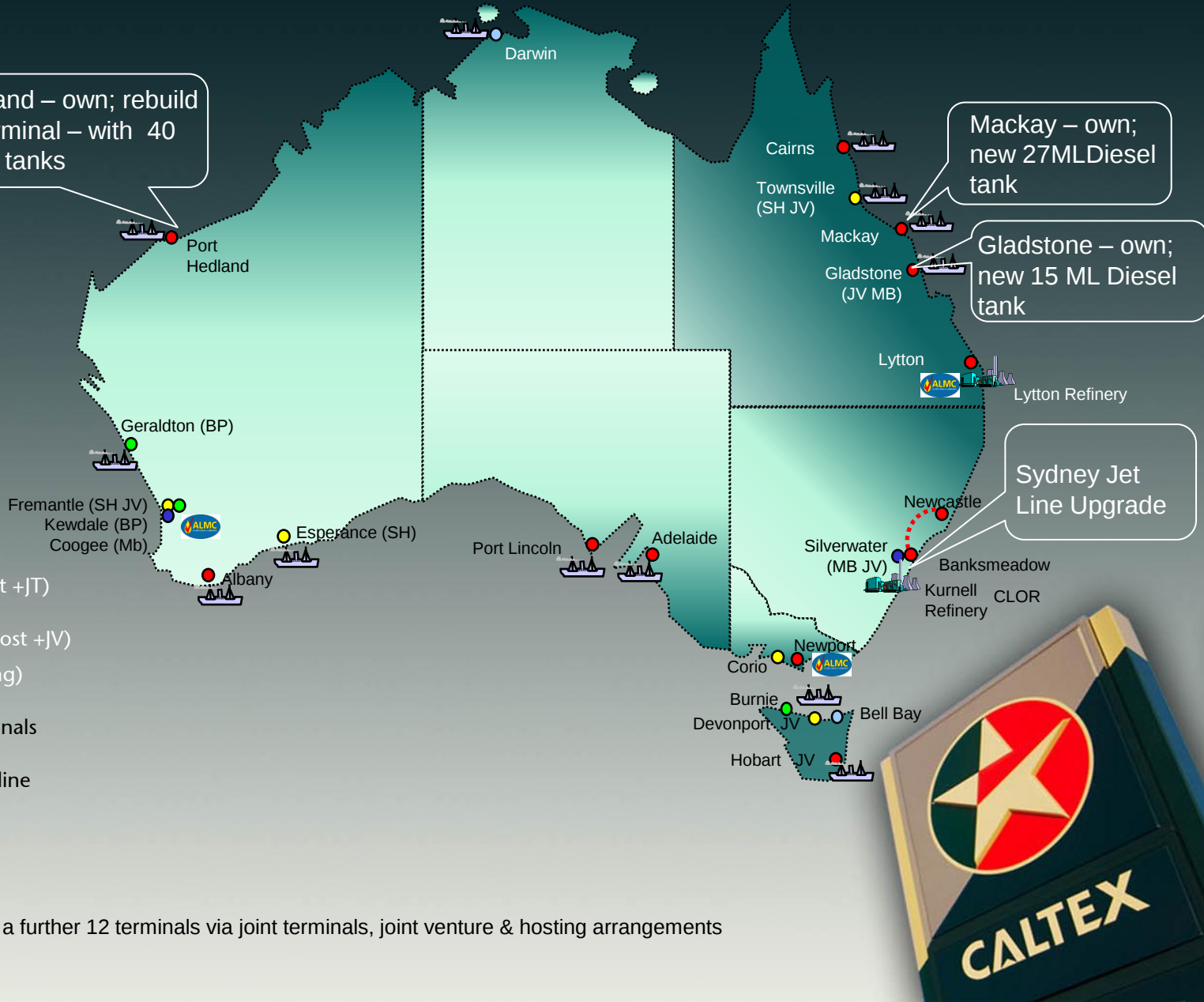
Port Hedland – own; rebuild
Caltex Terminal – with 40
ML Diesel tanks

Mackay – own;
new 27ML Diesel
tank

Gladstone – own;
new 15 ML Diesel
tank

Sydney Jet
Line Upgrade

-  2 Refineries
-  1 Base Oil Refinery
-  3 ALMC Lubes Plants
-  12 Caltex Terminals*
(own/operate)
-  5 Shell Terminal (host +JT)
-  2 Mobile Terminal (host +JV)
-  3 BP Terminal (hosting)
-  2 Independent Terminals
(Vopac & Marstel)
-  1 Syd-Newcastle Pipeline



*Caltex has access to a further 12 terminals via joint terminals, joint venture & hosting arrangements



Financial Strength

- BBB+/ stable rating recently affirmed
- Positioned to take advantage of industry rationalisation



Important Notice

This presentation for Caltex Australia Limited is designed to provide a high level overview of aspects of the operations of the Caltex Australia Group, including comments about Caltex's expectations of the outlook for 2010 and future years, as at 13 September 2010.

This presentation contains forward-looking statements relating to operations of the Caltex Australia Group that are based on management's own current expectations, estimates and projections about matters relevant to Caltex's future financial performance. Words such as "likely", "aims", "looking forward", "potential", "anticipates", "expects", "predicts", "plans", "targets", "believes" and "estimates" and similar expressions are intended to identify forward-looking statements.

References in the presentation to assumptions, estimates and outcomes and forward-looking statements about assumptions, estimates and outcomes, which are based on internal business data and external sources, are uncertain given the nature of the industry, business risks, and other factors. Also, they may be affected by internal and external factors that may have a material effect on future business performance and results. No assurance or guarantee is, or should be taken to be, given in relation to the future business performance or results of the Caltex Australia Group or the likelihood that the assumptions, estimates or outcomes will be achieved.

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CALTEX AUSTRALIA LIMITED
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CLSA INVESTORS' FORUM 2010

GRAND HYATT HONG KONG,
13-17 SEPTEMBER 2010
SPEAKER NOTES

[Slide 1 – Cover sheet]

Good afternoon. I am Julian Segal, Chief Executive Officer of Caltex Australia, and I would like to thank you for coming along today.

[Slide 2 – Contents - Australian Transport Fuels Market]

I will begin today with an overview of the Australian transport fuels market then cover the global oil and gas market developments which impact our business and our strategy to guide the company through the next 2 to 3 years.

[Slide 3 –Australian Demand for Transport Fuels]

This slide shows the long term growth trends for transport fuels in Australia. As you can see, diesel and jet fuel volumes have been growing more strongly than gasoline for over 10 years, with this trend expected to continue for the foreseeable future. In fact Australian diesel sales volumes exceeded gasoline for the first time in 2008.

Diesel is predominantly a commercial fuel, with transport, mining, and agriculture as major segments. Consequently, diesel demand is leveraged to GDP growth and resources activity. In recent years the growth has been as much as 6.3% per annum, fuelled by the commodity boom, supported by the growth in China. While there has been some easing from the recent growth rates in the short term, we expect that diesel growth will continue to remain robust into the medium term at about 3.3% per annum.

Jet fuel growth has also been strong, due to growth in passenger travel and in line with economic growth. Similar to diesel, passenger travel is likely to keep growing at a robust pace on average over the longer term driving growth in jet fuel demand at about 2.7% per annum.

In contrast, gasoline has been a mature market for a number of years, with the increasing number of vehicles offset by increasing car fuel efficiency and product substitution with diesel, biofuels and LPG.

[Slide 4 –Key growth markets dispersed around coastline]

Australia is a vast country with the population dispersed mostly around the long coastline. As a result, Caltex's strength in marketing relies very heavily on the strength of our supply chain including our refineries and strategically located seaboard terminal infrastructure.

Despite the excellent infrastructure in most markets, opportunities for improvement remain in high growth resource sector markets in North Queensland where infrastructure is already at capacity and geographies where we are under-represented such as, South Australia and North Western Australia.

[Slide 5 –Structurally short, deregulated pricing]

Australia is structurally dependent on imports to meet demands for all transport fuels – gasoline, diesel and jet fuel – with around 1 in every 3 litres imported. As a result of the structural short and deregulated pricing regime, refinery gate pricing reflects full import parity.

[Slide 6 – Amongst the tightest specifications in the region]

Tight Australian fuel specifications are also more difficult to manufacture than the corresponding Asian region commodity grade products which allows Caltex to maximise its refinery production when margins permit.

The Australian diesel sulphur specification tightened further in 2009, with the sulphur limit now reduced to 10 parts per million, the tightest specification existing anywhere in the world.

[Slide 7 – Australian gasoline specifications result in a 'quality premium']

Australian gasoline specifications are also differentiated from Asian commodity grades. Octane-enhancing ethers such as MTBE are effectively banned in Australia, and the cocktail of other specifications results in a quality premium for Australian grade gasoline.

[Slide 8 – Premium fuels are expected to grow by 8% per annum]

As discussed earlier gasoline demand growth is expected to be flat for the foreseeable future, however, higher octane, premium fuels are expected to grow by 8% per annum as the Australian car fleet is renewed. New, high efficiency gasoline engines demand higher octane fuel, which will drive higher sales volumes of our premium Vortex gasolines. Premium fuels are expected to reach between 35-45% of total petrol sales by 2020.

[Slide 9 – Contents - Global Market Developments]

I will now turn to developments in the global oil and gas market which are influencing our business.

[Slide 10 – Falling demand and new capacity have impacted margins]

Over the past 2 years or so, global refining margins have declined due to the GFC causing overcapacity in Europe, North America and Asia. This decline in demand coincided with the addition of new capacity in the region.

Since the low point in 2009, Asian margins have recovered faster than margins in North America and Europe.

[Slide 11 – Supply/demand balance]

Despite the emergence of export focused, low cost refineries in Asia such as Reliance's Jamnagar refinery, the availability of Australian grade product is not expected to increase markedly due to the closure of Japanese refineries and growth in India's own demand.

To place excess regional capacity, Asian refiners are targeting the European diesel and US West Coast gasoline markets.

While interest and investment is growing in the alternative fuels and technologies, realistically they will not capture a significant market share of the transport fuels market for at least a decade. Analysis by the International Energy Agency of both a "business as usual" and a "climate change scenario" confirms this view. Even under the "climate change scenario" oil based fuels would still account for over 80% of the transport fuels mix in 2030.

[Slide 12 – Regional and Global GDP Growth]

China and India are forecast to have sustained economic growth with the growth rates in both countries likely to average between 7 – 9% per annum.

South East Asia is projected to grow by a still impressive of 5% per annum while the more developed economies of Europe and North America are forecast to grow at a more modest 2 – 3% per annum.

Australia's growth, forecast to be around 3 – 3.5% per annum, will be supported by the fast growing Asian economies, investment in the resources sector and the relative strength of Australia's financial system compared with other developed countries. Caltex is well placed to capitalise on this growth.

[Slide 13 – Industry Rationalisation]

Opportunities in the upstream oil and gas industry and the downturn in global refining margins brought on by the GFC have caused all the integrated major oil companies to review their downstream portfolios. With the prospect that

demand in European and North American markets will stagnate or even decline, many of these players have decided to rationalise their downstream portfolios.

This consolidation of the downstream industry provides an opportunity for smaller integrated companies, mainly in emerging markets to acquire these existing refineries.

[Slide 14– Strategy]

I will now turn to our strategy to shape the business to generate acceptable returns even in a low refiner margin environment and ensure the sustainability of our business into the future.

[Slide 15 – Caltex strategy core elements]

I have now been with Caltex for a little over 12 months now and am the first independent CEO for approximately 10 years. In February I outlined the three pillars of our strategy for the business. These three pillars are Culture, Cost and Efficiency program under the banner of Catalyst and growth. Firstly we will concentrate on growth in earnings from our Marketing business in the areas of premium fuels, diesel, jet, finished lubricants and convenience store income. This growth will be underpinned by investment in strategic infrastructure to strengthen our supply chain. We firmly believe that the Catalyst project and organic growth will provide significant growth in earnings for the next 2 to 3 years. We will, of course, be looking for inorganic growth opportunities to supplement earnings growth while we ensure that the base business provides a solid foundation for this type of growth.

[Slide 16 – Our Values]

A critical element of our future success is based on our organisational culture. Beyond cost and capital efficiency and a strong growth strategy, we need a culture that will drive and support the achievement of our vision for the business. In March, the Caltex Leadership Team unveiled the new Cultural blueprint borne out of the views of the employees and taking the best of the existing culture to evolve a new purpose and values relevant for ensuring we achieve our vision. I am pleased to show you the supporting imagery which brings to life our values of “care”, “move”, “own”, “serve”, “trailblaze” and “win”.

In addition to the roll out of the new values we have redesigned the remuneration system to better align all our employees with the goals of the organisation and with the interests of our shareholders. This includes the attainment of our profit goals as a target for over 1500 people within the organisation.

I firmly believe that our culture can be a sustainable competitive advantage and am delighted at how employees have embraced our new values.

[Slide 17 – Catalyst]

In February we announced the Refining Improvement Initiative targeting an EBIT improvement of \$100 million per annum by the end of 2012. We are making progress with this initiative including the award of the new maintenance contract for Lytton and Kurnell refineries to PSN and expect bottom line and reliability improvements to commence in 2011.

In addition, the new Lytton Operator Enterprise Bargaining Agreement was recently agreed, incorporating manning level reductions and efficiency gains to be achieved over the next couple of years.

We have identified the potential for a further reduction of professional staff through rationalisation of resources across refining. Combined with the benefits that will flow to the fuels refinery at Kurnell arising from the closure of the lube refinery in 2011, these initiatives are likely to provide approximately half of the annual savings targeted. Other initiatives will be unveiled as they are scoped, costed and progressed.

[Slide 18 – Catalyst]

We also announced a program to secure procurement benefits of a total of \$100 million for the three years to end 2012. The procurement team have commenced the journey having delivered approximately \$10 million of benefits. Where these relate to term agreements, there will be an ongoing impact to future EBIT and cash flow.

The Corporate restructure was completed in March 2010 with approximately 120 roles eliminated delivering savings of \$8 million to June 2010. A further organisational structure review conducted in the Marketing business has eliminated another 43 roles delivering savings of \$4 million to June 2010.

[Slide 19 – Organic growth in Marketing]

The Caltex brand is widely recognised around the country, with over 100 years of history in Australia. Caltex now supplies around 1/3 of the country's transport fuel requirements at a wholesale level. While our marketing business and customers are diverse, our operations can be viewed as two distinct channels – Retail and Commercial, each with similar volumes.

Caltex distributes products, mostly gasoline, through the Retail channel primarily as a wholesaler. This business utilises a combination of operating models including company operated sites, franchisees, independent operators, and Woolworths co-branded stores.

In contrast to gasoline, jet fuel and most of our diesel is marketed directly to our Commercial customers, both large and small. Often, the product is delivered directly to the customer, including mine sites, airports and farms. These customers have different drivers to retail motorists. While it remains important to offer competitive pricing, security of supply, product quality and

safe and reliable operations are also critical. Finished lubricants and specialty products are also marketed through this channel.

For the first half for 2010, total diesel sales have increased more than market to be up by more than 5% while jet fuel volumes increased by nearly 15%, well in excess of market growth, underpinned by a strong and growing customer base.

Finished lubricants growth has been outstanding this year with new supply contracts in the mining sector and the establishment of key relationships in the automotive sector. We will continue to focus on growing the commercial side of our business.

Our retail strategy is focused on improving margins through increased penetration of premium fuels as a percentage of total gasoline sales and the convenience store offering. Growth in shop sales has been tempered by the economic conditions but still achieved a growth in excess of 3%. Shop sales have also been impacted by the extensive retail upgrade program underway this year including the upgrade of several flagship sites. Despite these conditions Caltex remains the number one convenience store operator as measured by Nielsen.

[Slide 20 – Well located infrastructure]

Both locally refined products and imports are distributed to customers via a network of 24 seaboard terminals and approximately 80 inland depots, providing reliable supply across the breadth of the country. This infrastructure supports Caltex's clear market leading position in the wholesale supply of gasoline, strong and increasing market shares in diesel and jet fuel, as well as positioning Caltex as a leading convenience retailer in Australia.

Caltex also owns and operates the Sydney to Newcastle pipeline, the longest multi-product pipeline in Australia. This pipeline carries gasoline, jet and diesel and provides a significant competitive advantage to Caltex, displacing the need for some 45,000 road tanker or 40 product ship movements per year.

The strong performance of our Marketing business will continue to rely on the strength of our Supply Chain.

To this end, expansion continues at our Mackay and Gladstone terminals with one new diesel tank under construction at each terminal. These projects strengthen the important link between the North Queensland diesel market and our new diesel hydrotreater at Lytton – allowing us to improve both our Supply Chain economics and flexibility. Construction of this additional capacity is expected to be completed early in 2011.

In North Western Australia, construction of 40ML of new diesel storage has commenced and is expected to be completed by the end of 2011.

[Slide 21 – Financial Strength]

Prudent fiscal management has maintained the strong balance sheet with the credit rating recently affirmed as BBB+/ stable for the 6th year in a row. Caltex is now the only independent refiner globally with the strong BBB+ credit rating.

This financial strength positions Caltex well to take advantage of any industry rationalisation in our region and other inorganic growth opportunities.

That concludes the presentation. We have time to take questions.

[Slide 22 – Disclaimer]