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ASX ANNOUNCEMENT



CALTEX

CALTEX AUSTRALIA LIMITED
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20 June 2011

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED
REFINING HEADWINDS, MARKETING MOMENTUM CONTINUES

An *ASX Release* for the 2011 half year results outlook titled "Refining headwinds, Marketing momentum continues" is attached for immediate release to the market.



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Company Secretary

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Attach.

ASX Release

For immediate release

20 June 2011

Refining headwinds, Marketing momentum continues

Key points:

- Strong Marketing performance continues
- Challenging external environment for Refining
- Production level impacted by operational disruptions and extension of the planned maintenance at Kurnell
- Balance sheet remains strong, BBB+/Stable credit rating confirmed

Results summary	Half year ended 30 June	
	2011 outlook	2010
RCOP result:	\$M	\$M
After tax		
Excluding significant items	100-115	163
Including significant items	100-115	149
Before interest and tax		
Excluding significant items	165-185	261
Including significant items	165-185	240
Historic Cost result after tax		
Including significant items	255-275	141

Caltex advises that it is forecasting an after tax profit of \$100 million to \$115 million on a replacement cost of sales operating profit (RCOP)¹ basis for the first half of 2011. This compares with \$163 million for the first half of 2010 (excluding significant items). The difference between 2010 and 2011 is largely attributable to challenging externalities and operational disruptions that negatively impacted production levels.

Strong Marketing Performance

Marketing continued the trend of strong growth in total fuel volumes underpinned by growth in commercial diesel, jet, retail premium fuels and finished lubricants. Total transport fuel sales volume is expected to be 7.7 billion litres for the first half of 2011 (first half 2010: 7.5 billion litres).

Refining Availability

While production volumes will increase in the first half of 2011 compared to 2010 due to the lower level of planned maintenance, production volumes will be lower than expected. Refining availability was impacted by extended planned maintenance at Kurnell due to substantial emergent work, unplanned outages at Lytton during January and May and crude berth closures at Kurnell due to bad weather during June. Production of petrol, diesel and jet fuel is likely to be in the order of 4.6 billion litres (first half 2010: 4.3 billion litres).

Challenging externalities

The Caltex Refiner Margin (CRM)² was negatively impacted by the Dated Brent benchmark prices and premiums driven by events in Libya and Japan. The light-heavy spread has widened significantly from its historical average putting further pressure on the CRM. The light-heavy spread averaged

¹ The replacement cost of sales operating profit (RCOP) excludes the impact of the fall or rise in oil 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 historical cost, including the effect of contract based revenue lags.

approximately US\$6/bbl during the first half of 2011, well above the historical average of between US\$2/bbl and US\$3/bbl. In addition the higher crude price has increased the yield loss impact on CRM and the crude-gas price differential.

On average the Australian dollar was approximately 17% higher during the period, compared with the same period in 2010. This is expected to have a negative impact on the CRM in the order of \$35 million before tax, when compared with the first half of 2010. This was partially offset by foreign exchange gains on crude and product payables due to the rising Australian dollar.

Historical profit

On a historical cost profit basis, Caltex expects an after tax profit in the range of \$255 million – \$275 million for the first half of 2011, compared with \$141 million, including significant items, for the first half of 2010. This includes product and crude oil inventory gains of approximately \$160 million compared with an inventory loss of \$8 million after tax for the first half of 2010.

Working capital requirements have increased due to the net impact of higher crude oil prices and exchange rates.

Balance sheet strength maintained

Net debt at 30 June 2011 is forecast to be approximately \$700 million, compared with \$576 million at 30 June 2010. This increase in debt reflects the increased working capital requirements associated with the net impact of higher crude oil prices and exchange rates.

The balance sheet remains strong with the BBB+/Stable credit rating affirmed.

Outlook for the second half of 2011

The three-year Refining improvement initiative, which commenced in 2010, is starting to deliver savings. Further initiatives aimed at improving production efficiency and reliability will be completed during the second half of 2011.

Project Catalyst continues to deliver cost savings to the business (including procurement benefits).

While the Marketing outlook remains positive, the refiner margin environment remains uncertain due to the impact of the high Australian dollar.

Notes

The forecast results for the half year 2011 are subject to audit and normal period end close processes.

The forecast results are premised on an AUD/USD exchange rate between now and 30 June 2011 of between 107 cents and 109 cents and a June average CRM of US\$4.95/bbl with Dated Brent crude benchmark averaging US\$115/bbl for June.

Changes in key externalities such as the AUD/USD exchange rate, refiner margins and crude oil prices during the balance of the month of June 2011 can have material impacts on both the RCOP and historic cost results for the half year.

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² The Caltex Refiner Margin (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 calculation represents: average Singapore refiner margin + product quality premium + crude discount/(premium) + product freight - crude freight - yield loss.