



CALTEX AUSTRALIA LIMITED
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22 August 2011

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED
2011 HALF YEAR MEDIA RELEASE AND ANALYST PRESENTATION

Caltex Australia Limited (Caltex) will make a presentation to analysts and investors at 10 am today (Sydney time) in relation to Caltex's 2011 half year results. The presentation will be made by Mr Julian Segal (Managing Director & CEO) and Mr Simon Hepworth (Chief Financial Officer). The *ASX / Media Release* and presentation slides (and speaker notes) for the presentation are attached for immediate release to the market.

The presentation to analysts and investors is being webcast. The webcast can be viewed from our website (www.caltex.com.au). An archive copy of the webcast will also be available from the website.

Over the remainder of August and September 2011, Caltex will make a number of presentations to investors and analysts. These presentations will be based on the material provided in the *2011 Half Year Report* and the *2011 Half Year Financial Report* (which were lodged earlier today) and the attached *ASX / Media Release* and presentation slides (and speaker notes).



Peter Lim
Company Secretary

Contact number: (02) 9250 5562 / 0414 815 732

Attach.



ASX/Media Release

For immediate release

Monday 22 August 2011

Strong Marketing performance continues despite challenging refining environment

Key points:

- First half RCOP¹ of \$113 million, down from \$163 million (before significant items) in the first half of 2010
- First half HCOP NPAT of \$270 million
- Strong Marketing performance continues
- US dollar Caltex Refiner Margin² negatively impacted by events in Libya and Japan
- Record Australian dollar negatively impacts Refiner Margin
- Lower than planned refinery availability
- Balance sheet remains strong, BBB+/Stable credit rating affirmed
- Interim dividend of 17 cents per share (fully franked)

Results summary	Half year ended 30 June	
	2011	2010
RCOP result:	\$M	\$M
After tax		
- excluding significant items	113	163
- including significant items	113	149
Before interest and tax		
- excluding significant items	193	261
- including significant items	193	240
Historic Cost result after tax		
- excluding significant items	270	155
- including significant items	270	141

Historical profit

On an historical cost profit basis (including inventory gains), Caltex's after tax profit was \$270 million for the first half of 2011 compared with \$141 million for the first half of 2010 (which included \$14 million significant items). This result includes product and crude oil inventory gains of approximately \$157 million after tax due to the significant rise in the crude price through the half, compared with product and crude oil inventory losses of approximately \$8 million after tax for the first half of 2010, when the crude price was more stable. The cash benefit of the inventory gain was somewhat offset by higher working capital requirements from the higher crude cost.

Replacement cost operating profit

On a replacement cost of sales operating profit (RCOP) basis, Caltex's after tax profit was \$113 million for the first half of 2011. This compares with \$163 million for the first half of 2010 (excluding significant items). The difference between the 2010 and 2011 result is largely attributable to operational disruptions that negatively impacted production levels, and the impact of abnormal and challenging externalities.

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.

Strong Marketing performance continues

Marketing continued to deliver strong results in the first half of 2011, with total fuels volumes up 4.3% compared to the first half of 2010. This result was underpinned by continued growth in commercial diesel, jet, retail and premium fuels. Finished lubricants growth was excellent with volumes up over 14% when compared with the first half of 2010.

US dollar Caltex Refiner Margin negatively impacted by events in Libya and Japan

The average US dollar Caltex Refiner Margin fell from US\$9.67 in the first half of 2010 to US\$7.82 for the first half of 2011 as the events in Libya and Japan negatively impacted the light-heavy crude oil price spread and the Dated Brent benchmark prices. Dated Brent benchmark prices rose from an average of US\$77.28 in the first half of 2010 to an average of US\$111.16 in the first half of 2011. Strong competition for light sweet crudes in the region and West Africa also meant that premiums (US\$2.72 on average) over the Dated Brent benchmark were required to secure crude supply.

The light-heavy spread averaged approximately US\$5.70/bbl in the first half of 2011, compared with a long term average spread of US\$3/bb. The spread was US\$8.95/bbl higher than the first half of 2010, reflecting the significant discounting of the APPI Tapis benchmark during the first half of 2010 and the higher than normal Dated Brent³ – Dubai light-heavy spread during the first half of 2011, compressing Caltex's Refiner Margin.

The higher average crude price also negatively impacted the Caltex Refiner Margin due to the higher yield loss impact and increased crude-gas price differential.

Record Australian dollar negatively impacts Refiner Margin

In addition, the Australian dollar was 16% higher in the first half of 2011 when compared with the first half of 2010, rising to record levels since the float of the dollar in 1983 and negatively impacting the Caltex Refiner Margin earnings by approximately \$36 million before tax, compared with the first half of 2010. This was partially offset by realised exchange gains on crude and product payables after hedging impacts in 2011 of \$14 million before tax.

Lower than planned refinery availability

Transport fuels production was up 8.5% (on the first half of 2010), although lower than expected due to the negative impact of unplanned outages, extension of planned maintenance, and extreme weather events that affected production. The impacts of the lower than planned refinery availability were exacerbated by the prompt purchase of high-cost import cargoes required to replace lost local production. The lost opportunity cost from the lower refinery availability is estimated to be approximately \$50 million.

Outlook for the second half of 2011

The Marketing outlook remains positive. However, despite improvements in the regional supply demand balance, the refiner margin environment continues to be uncertain due to the continuing strong Australian dollar and the size of the light-heavy spread.

Project Catalyst (aimed at delivering cost and capital efficiency gains) will continue to deliver results.

As part of the Refining Improvement Initiative, Caltex has decided to outsource some of its in-house maintenance activities at its Kurnell and Lytton refineries. A provision of approximately \$7 million for associated retrenchment costs will be recognised in the second half of 2011.

Effect of carbon price announcement

Under the federal government's proposals for introducing a price on carbon, Caltex will only be responsible for its own emissions and transitional assistance has been announced to help keep Australian refineries on a level playing field with overseas competitors. A preliminary estimate of the cost impact in the first year of the scheme is \$5-\$10 million.

²The 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.

³The relevant light sweet crude marker for Caltex changed from APPI Tapis to Dated Brent effective 1 January 2011.

BBB+/stable credit rating affirmed

Prudent fiscal management has maintained the strong balance sheet. However, net debt at 30 June 2011 has increased to \$675 million, from \$544 million at 31 December 2010, as working capital requirements have increased in line with the higher average cost of crude.

Interim dividend

The Board is pleased to announce it has declared an interim dividend of 17 cents per share for the first half of 2011. This compares with an interim dividend of 30 cents per share for the first half of 2010.

Caltex remains committed to a conservative balance sheet and will continue to focus on good cash management.

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**CALTEX AUSTRALIA
LIMITED
2011 HALF YEAR
RESULTS
ANNOUNCEMENT**



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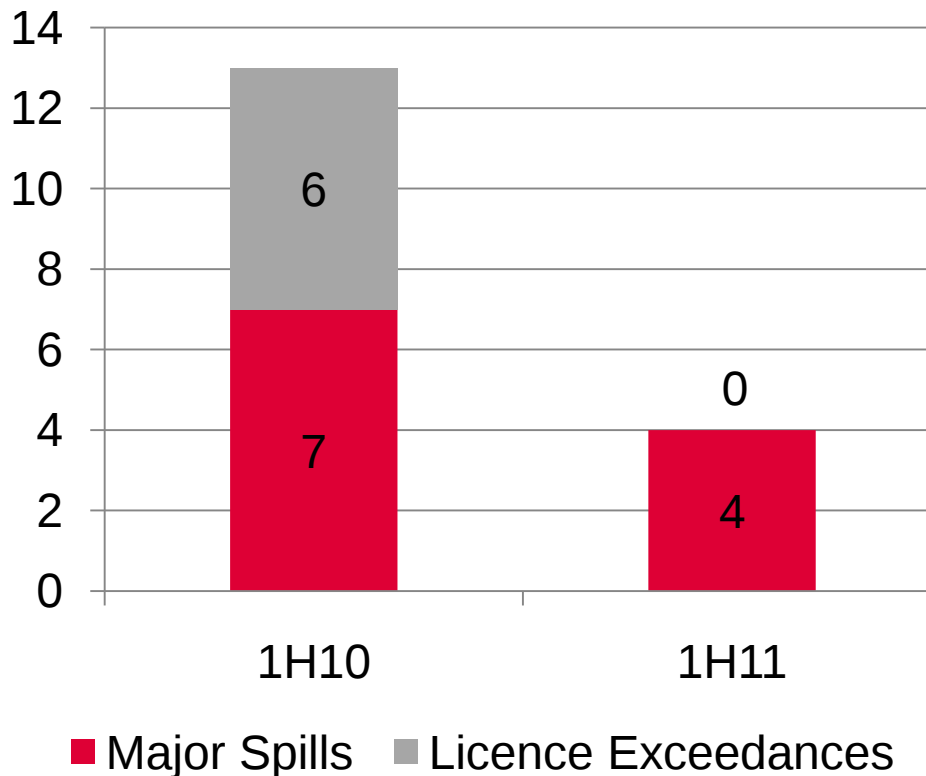


OE MOMENT

ENVIRONMENTAL PERFORMANCE



Number of incidents



- Significant reduction in the number of licence exceedance reflects efforts to improve operational performance across the business.
- Major spills have reduced in 1H11 despite extreme weather event

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INTRODUCTION



STRONG MARKETING PERFORMANCE, REFINING CHALLENGES

Company result

- \$113M RCOP NPAT and \$270M HCOP NPAT
- Strong Marketing performance, Refining challenges
- Cash opex well controlled
- Balance sheet remains strong, BBB+/Stable credit rating affirmed

Strong Marketing performance continues

- Total fuel volumes up 4.3% underpinned by growth in commercial diesel, jet, retail premium fuels
- Marketing margins maintained in volatile market
- Finished lubricants volumes up over 10%

Challenging external environment for Refining

- Caltex Refiner Margin negatively impacted by:
 - High light-sweet crude oil benchmark (Dated Brent) prices and premiums driven by events in Libya and Japan
 - Light-heavy spread US\$8.95/bbl higher than 1H10
 - AUD average crude price was nearly 25% higher than 1H10 negatively impacting:
 - Yield loss (lower CRM)
 - Crude-gas price differential
- On average AUD was 16% higher in 1H11
 - \$36M negative impact on Caltex Refiner Margin compared with 1H10 offset by \$14M realised exchange gains after the impact of hedging
- Transport fuels production up 8.5% despite the negative impact of unplanned outages, extension of planned maintenance, and extreme weather

INTRODUCTION



STRONG MARKETING PERFORMANCE, REFINING CHALLENGES

Project Catalyst
delivering

- Procurement benefits continue to flow
- Refining Improvement Initiative Implementation continues

Safety Performance

- Continued improvement in safety incident frequency

Short term outlook

- Marketing outlook positive
- Refiner margin environment uncertain due to strong AUD and direction of light-heavy spread despite improvements in supply demand balance
- Project Catalyst will continue to deliver

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CALTEX STRATEGY CORE ELEMENTS

THREE PILLARS



- ✓ Culture
- ✓ Cost and efficiency (Catalyst)
- ✓ Growth
 - ✓ Organic growth in Marketing
 - ✓ Positioned for inorganic growth

STRATEGY UPDATE



REFINING IMPROVEMENT INITIATIVE - INITIATIVES TOTALLING 75% OF TARGET COMMENCED

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 Wood Group PSN June 2010
 - ✓ Transition of contract labour complete
 - ✓ Transition of Caltex in house workforce in progress
 - ✓ Savings and continued reliability improvement expected from 2011
- ✓ Lytton Operator EBA agreed
 - ✓ Manning level reduction and efficiency gains agreed and in progress
- ✓ CLOR closure in progress
 - ✓ Identified benefits flowing to the Fuels refinery from 2012
- ✓ Rationalisation of resources across Refining conducted in 2010
- ✓ EBIT uplift and energy efficiency projects with recurring benefits

STRATEGY UPDATE

INFRASTRUCTURE DEVELOPMENTS ON TRACK



What we are targeting

- ✓ Infrastructure growth projects to support diesel market growth
 - ✓ Queensland
 - ✓ Western Australia
 - ✓ South Australia

- ✓ Jet fuel pipeline upgrade

Progress to date

- ✓ Mackay and Gladstone expansions completed
- ✓ Port Hedland terminal expansion construction approaching completion
 - ✓ Tank hydro-testing complete
 - ✓ Painting underway
 - ✓ All major equipment delivered to site
 - ✓ Completion expected end 2011
- ✓ Adelaide terminal expansion announced
 - ✓ Completion expected 2013
 - ✓ 85 ML of fuel storage capacity covering all petrol grades and diesel and biodiesel.
- ✓ Sydney jet fuel supply upgrade
 - ✓ Procurement phase complete
 - ✓ Construction preparations underway
 - ✓ Investment of approximately \$25 M
 - ✓ Completion expected in 2012

STRATEGY UPDATE

ORGANIC GROWTH IN MARKETING CONTINUES



What we are targeting

- ✓ EBIT CAGR of at least 5% from:
 - ✓ Retail premium fuels
 - ✓ Jet fuels
 - ✓ Commercial diesel growth at or above market rate
 - ✓ Finished lubricants
 - ✓ Convenience store income growth at or above market

What we have delivered

- ✓ EBIT 17% above 1H10
- ✓ Premium gasoline share of total gasoline sales increased from 18% to 22% while premium diesel share of retail diesel increased from 23% to 44% of a growing retail diesel market
- ✓ Jet fuel growth of 7% above 1H10.
- ✓ Commercial diesel growth of nearly 13% above 1H10.
- ✓ Lubricants volumes grew by more than 10%
- ✓ Non-fuel income up despite flat weekly shop sales due to soft economic conditions

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FINANCIAL HIGHLIGHTS



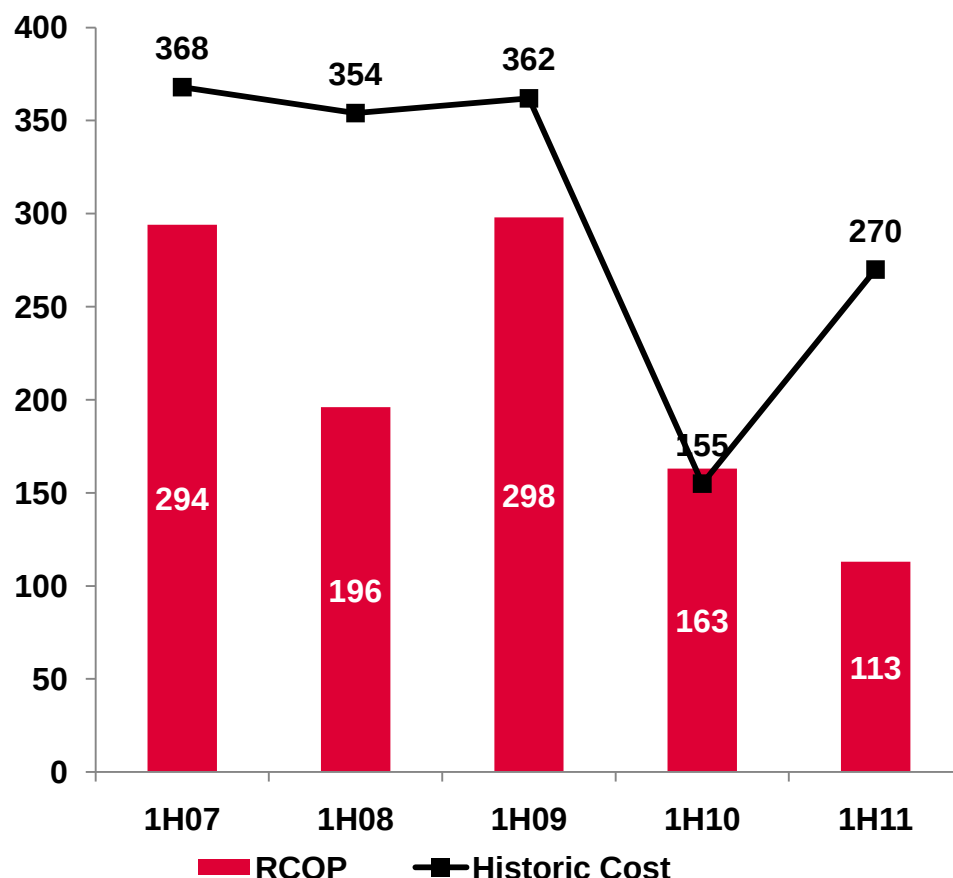
<u>Historic Cost</u>	<u>Jun11</u>	<u>Jun10</u>	<u>% Change</u>
<u>Including significant items:</u>			
EBIT (\$M)	416	230	81
NPAT (\$M)	270	141	91
EPS (cps)	100	52	91
<u>Replacement Cost</u>			
<u>Excluding significant items:</u>			
EBIT (\$M)	193	261	(26)
NPAT (\$M)	113	163	(31)
EPS (cps)	42	60	(31)
Dividend (cps)	17	30	(43)
Debt (\$M)	675	576	17
Gearing (%)	17	16	
Gearing (Lease Adjusted %)	23	21	
<u>Including significant items:</u>			
EBIT (\$M)	193	240	(20)
NPAT (\$M)	113	149	(24)

FINANCIAL HIGHLIGHTS



STRONG MARKETING PERFORMANCE, REFINING HEADWINDS

Caltex NPAT* (\$M)



- Increase in Historic Cost NPAT driven by increase in crude prices
- Strong Marketing performance underpins 1H11 result
- Lower USD Refiner Margin impacted by wide light-heavy spread and high crude cost
- Result negatively impacted by USD/AUD exchange rate
- Extension to planned major maintenance at Kurnell Refinery and unplanned outages at both Lytton and Kurnell reduced production

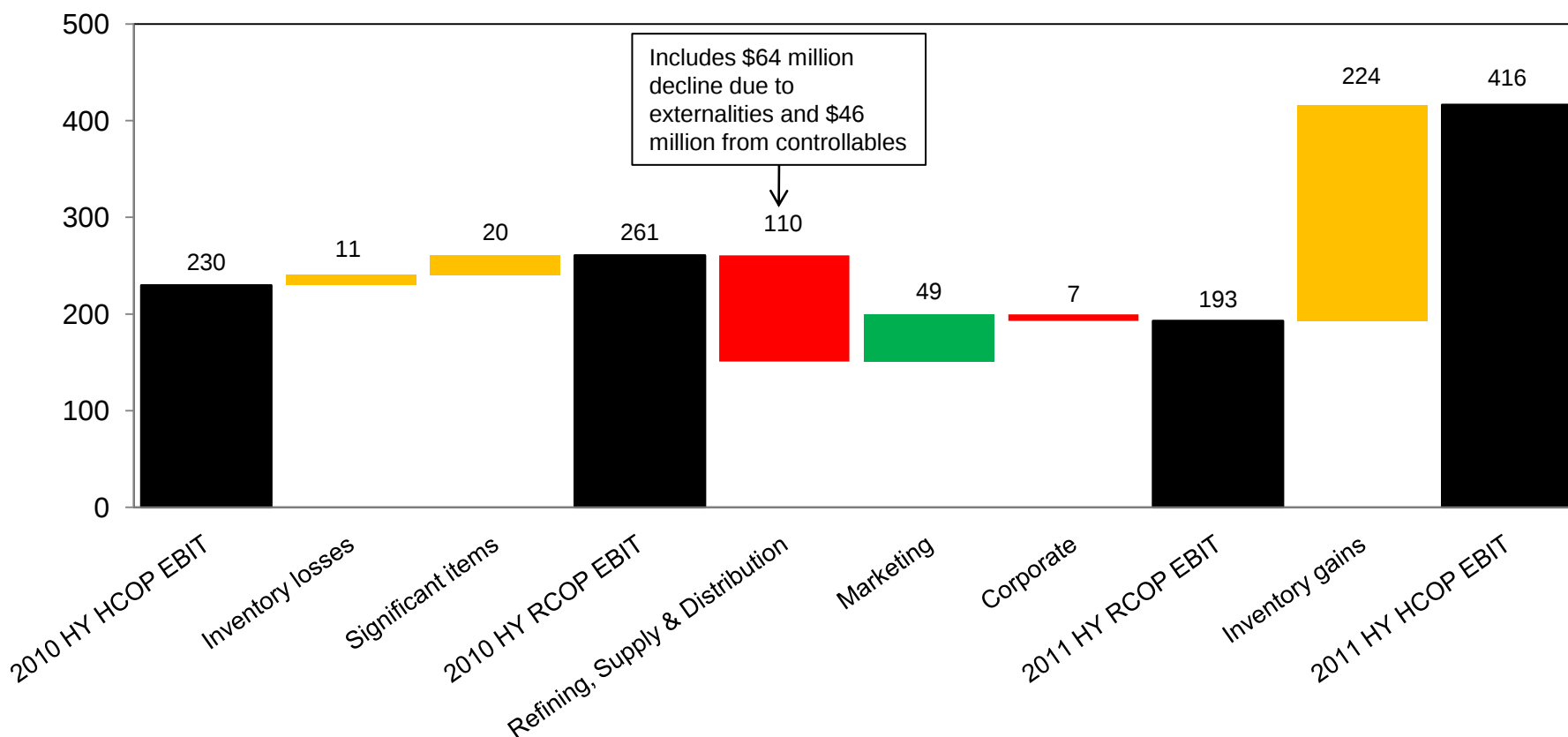
*Net profit after tax, excluding significant items

FINANCIAL HIGHLIGHTS



CRUDE PRICE INCREASE DRIVES HISTORICAL COST RESULT

1H10 v 1H11 HCOP EBIT

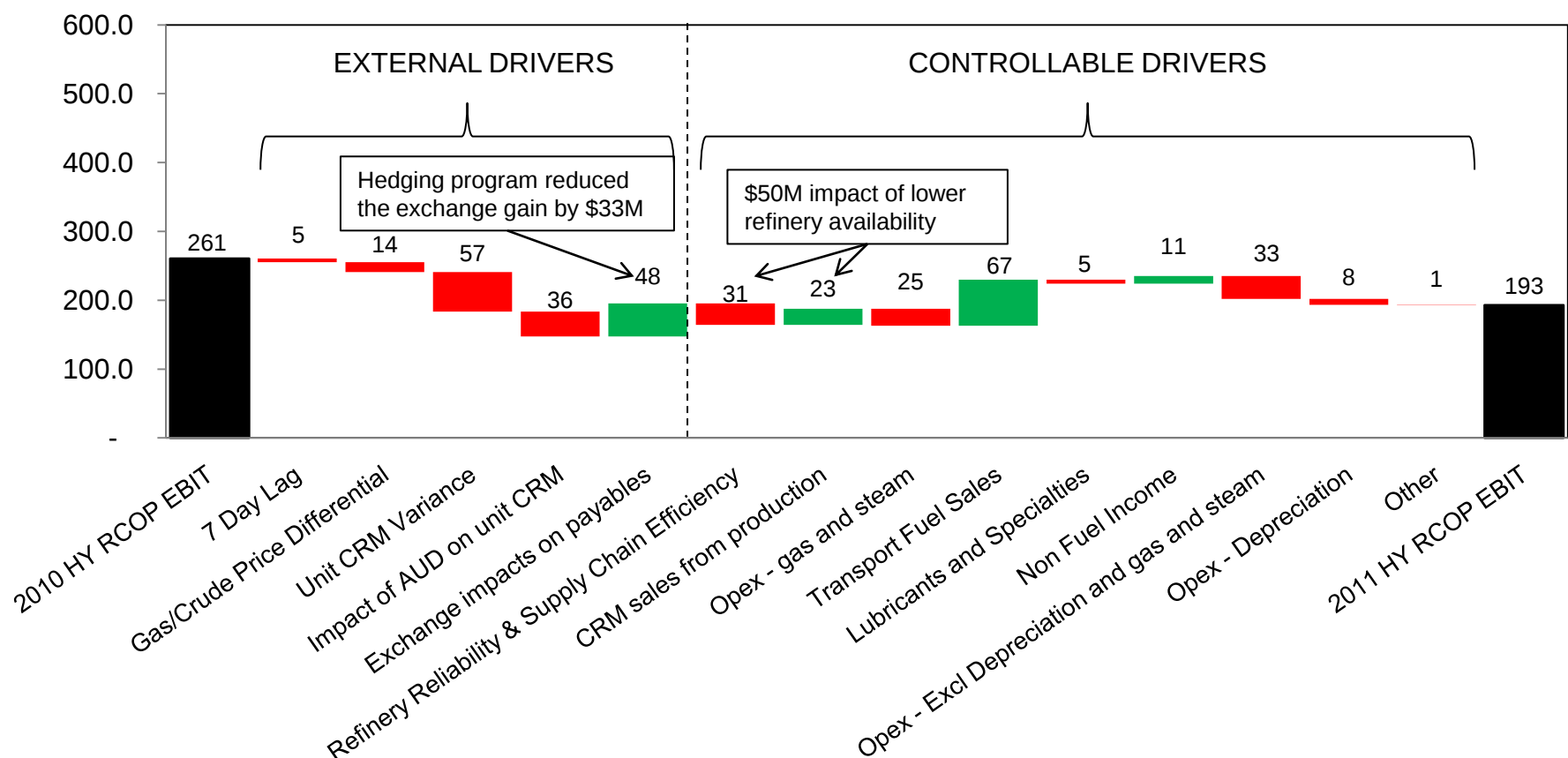


FINANCIAL HIGHLIGHTS



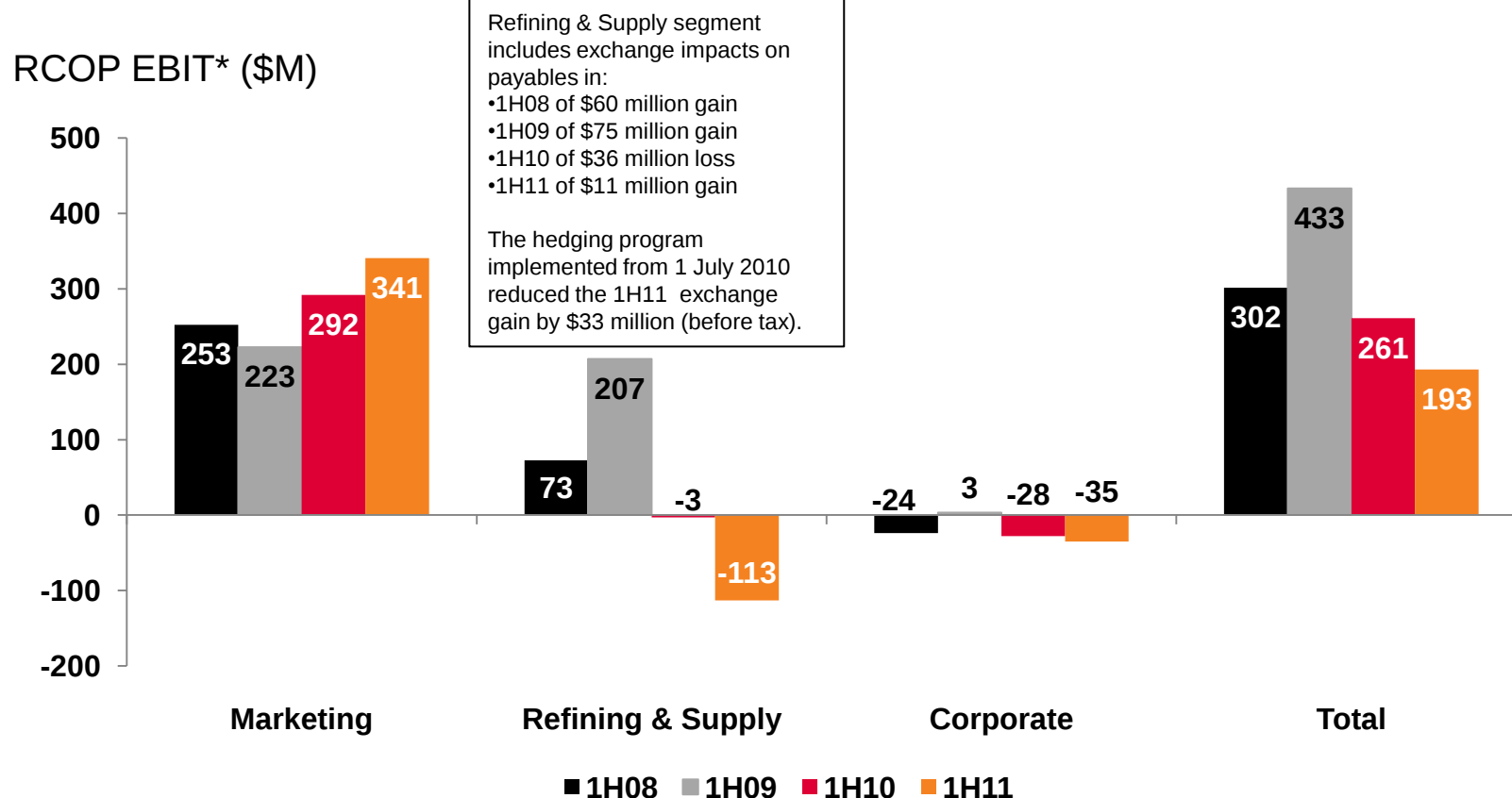
EXTERNALITIES AND OPERATIONAL DISRUPTIONS IMPACT RESULT

1H10 vs 1H11 RCOP EBIT (excluding significant items)



FINANCIAL HIGHLIGHTS

SEGMENTED[#] REPORTING



*RCOP EBIT, excluding significant items

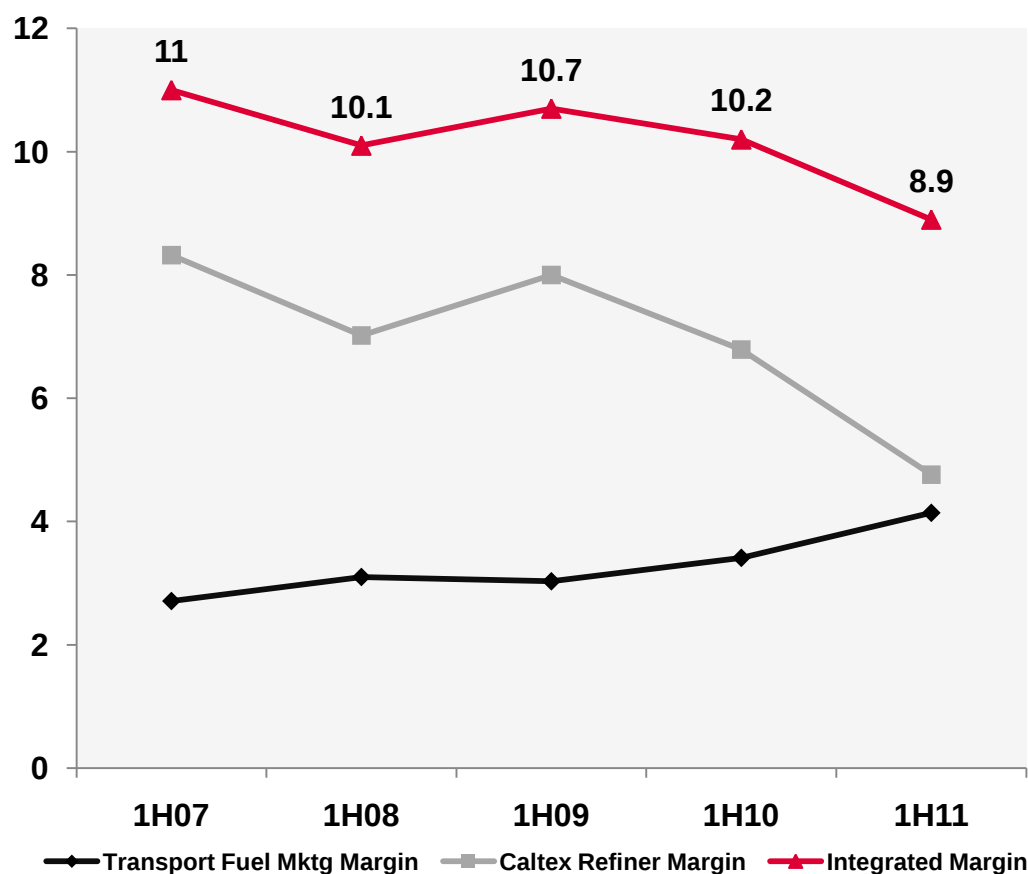
[#]Segment results are based on a transfer price between Refining & Supply and Marketing determined by reference to relevant import parity prices for petrol, diesel and jet, and other products including specialties and lubricants. The value of the refineries is ultimately driven by the role they play in maintaining continuity of supply to the Marketing business.

FINANCIAL HIGHLIGHTS



REFINER MARGIN IMPACTED BY HIGHER DOLLAR

Caltex Integrated Gross Transport Fuels Margin* (Acpl)



- Transport margin enhanced through beneficial product mix through the increase in premium fuels and jet fuel sales
- High AUD continues to pressure the translated refiner margin

*Gross transport fuels margin, before expenses. Note that Transport fuels marketing margin applies to total transport fuel sales (7.7BL for 1H11) whereas the Caltex Refiner Margin applies to sales from production (4.7BL for 1H11).

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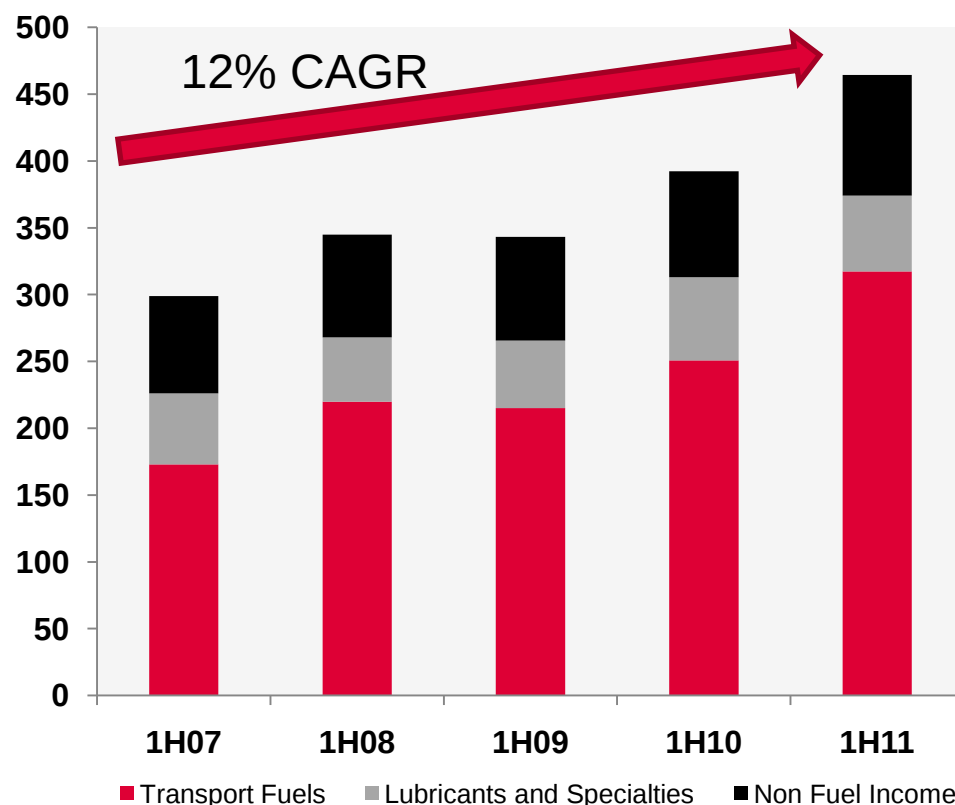


MARKETING HIGHLIGHTS



MARKETING RESULTS REFLECT STRATEGIC FOCUS

Marketing gross contribution (\$M)



STRONG GROWTH

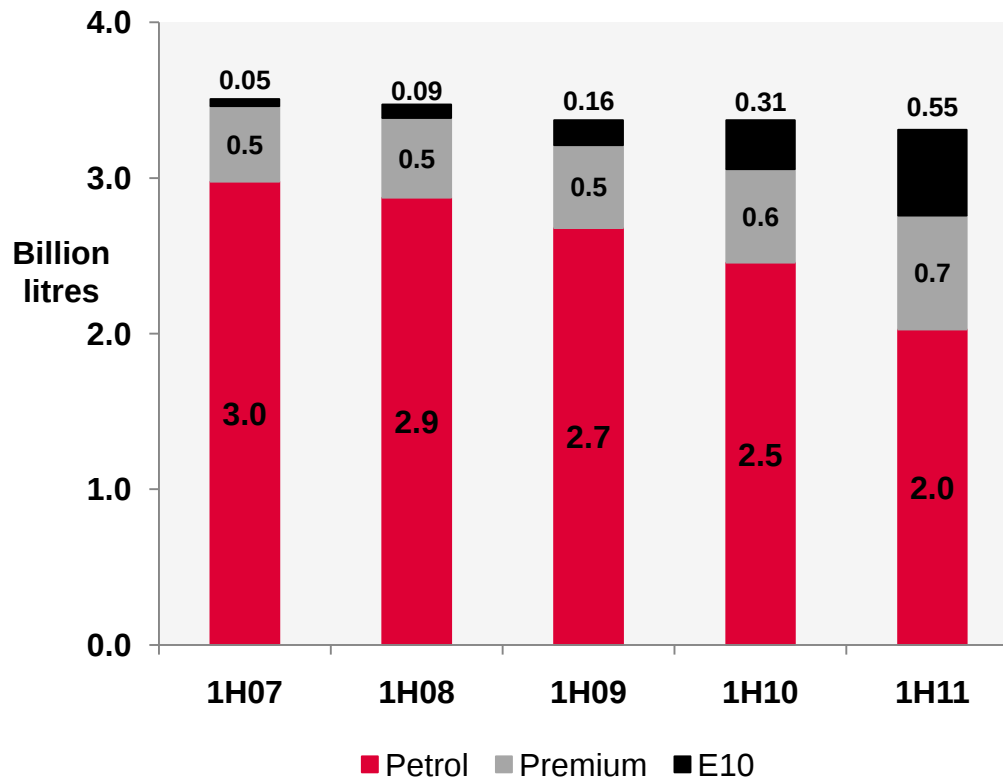
- Transport fuels contribution up over 26%
- Contribution from Lubricants up 4%, however Specialties products declined by over 18% including the impact of the decision to stop production of base oils
- Non fuel income contribution up 13.7% even though the shop sales are flat in tight economic conditions

MARKETING HIGHLIGHTS

TRANSPORT FUEL SALES – PREMIUM FUELS GROWTH



CTX Petrol Sales



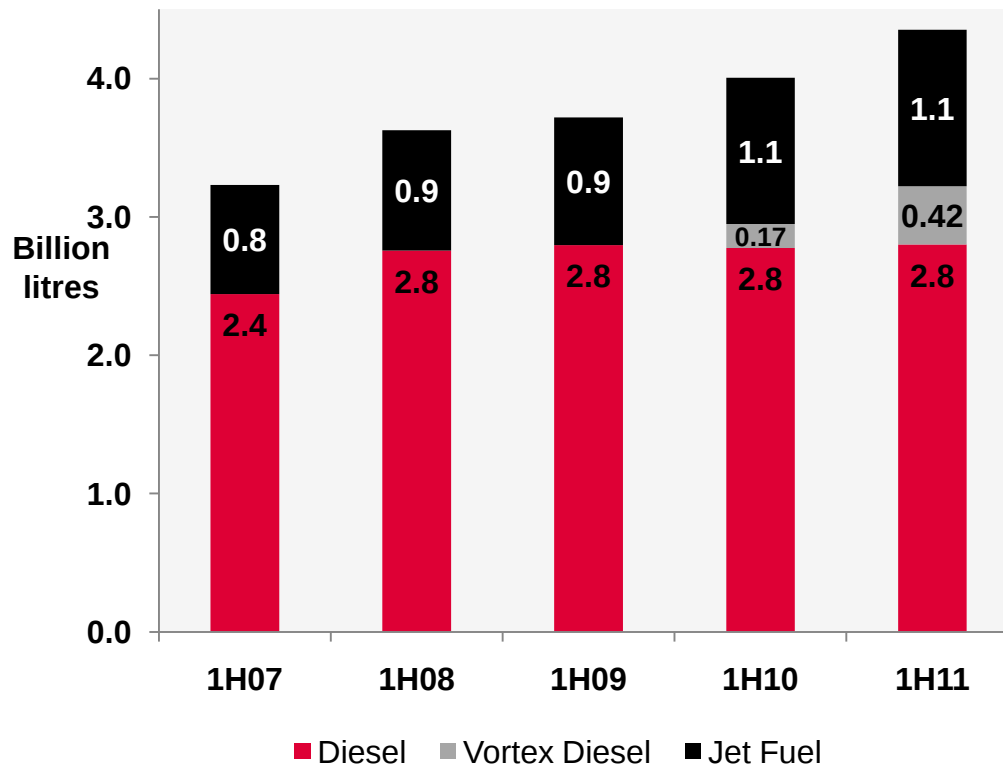
- Total volume of petrol sales continues to decline 1% on pcg basis
- Margin enhancement through product mix
- Premium fuel sales up 22% on pcg basis
- E10 sales up 76% on pcg basis

MARKETING HIGHLIGHTS

TRANSPORT FUEL SALES – GROWTH CONTINUES



CTX Diesel and Jet Fuel Sales



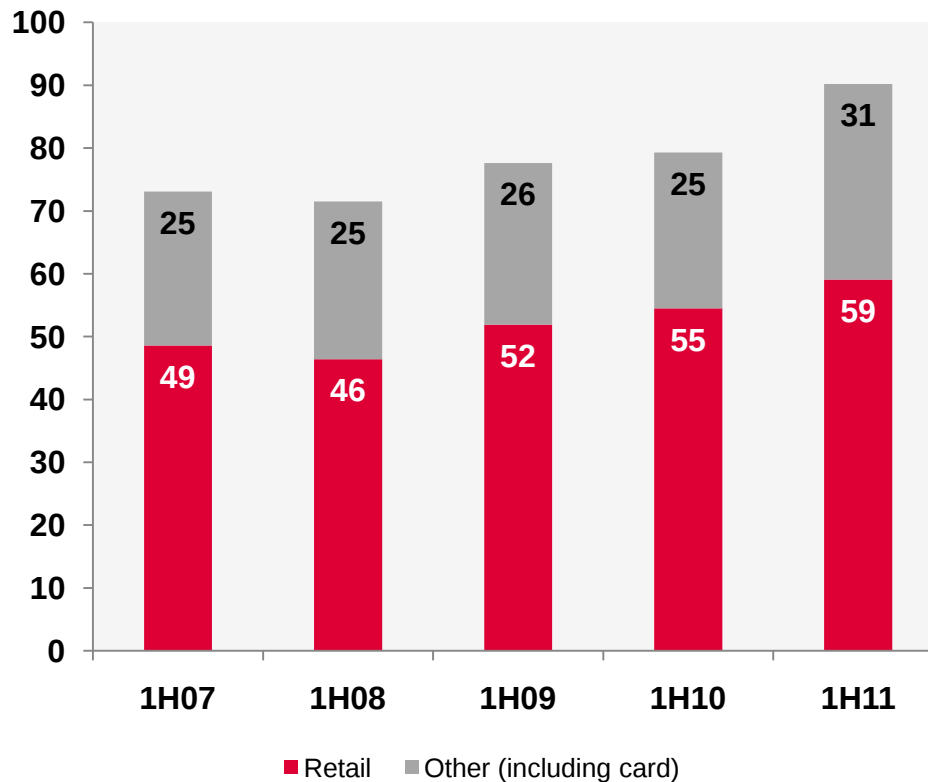
- Total volume of diesel sales up 9% on pcg basis
- Vortex diesel sales up 143% on pcg basis
- Jet fuel sales up 7% on pcg basis

MARKETING HIGHLIGHTS

NON FUEL INCOME



CTX Non Fuel Income (\$M)



- Non fuel income up by 14% on 1H10, despite 1.6% fall in average weekly shop sales
- Driven by new franchise model
- Card income up due to higher board prices

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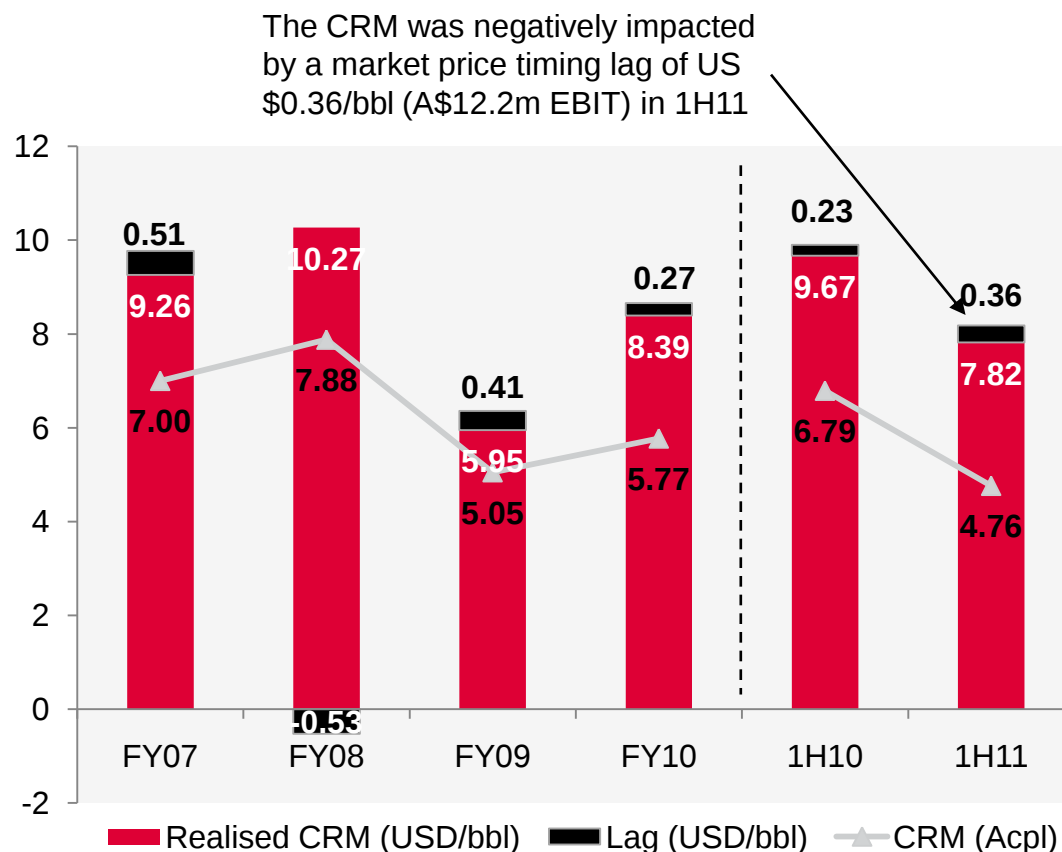
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SUPPLY CHAIN HIGHLIGHTS

CALTEX REFINER MARGIN



Caltex Refiner Margin Build-up (US\$/bbl)

Singapore WAM^B 11.11

Add:

Product freight 4.50

Crude discount^B 0.00

Quality premium 1.86

Less:

Crude freight 2.90

Crude premium^B 2.72

Yield loss 4.03

^BSingapore WAM based on Dated Brent benchmark. Crude discount/premium includes discounts and premiums relative to Dated Brent and the spread between Dated Brent and crudes purchased on the basis of other benchmarks.

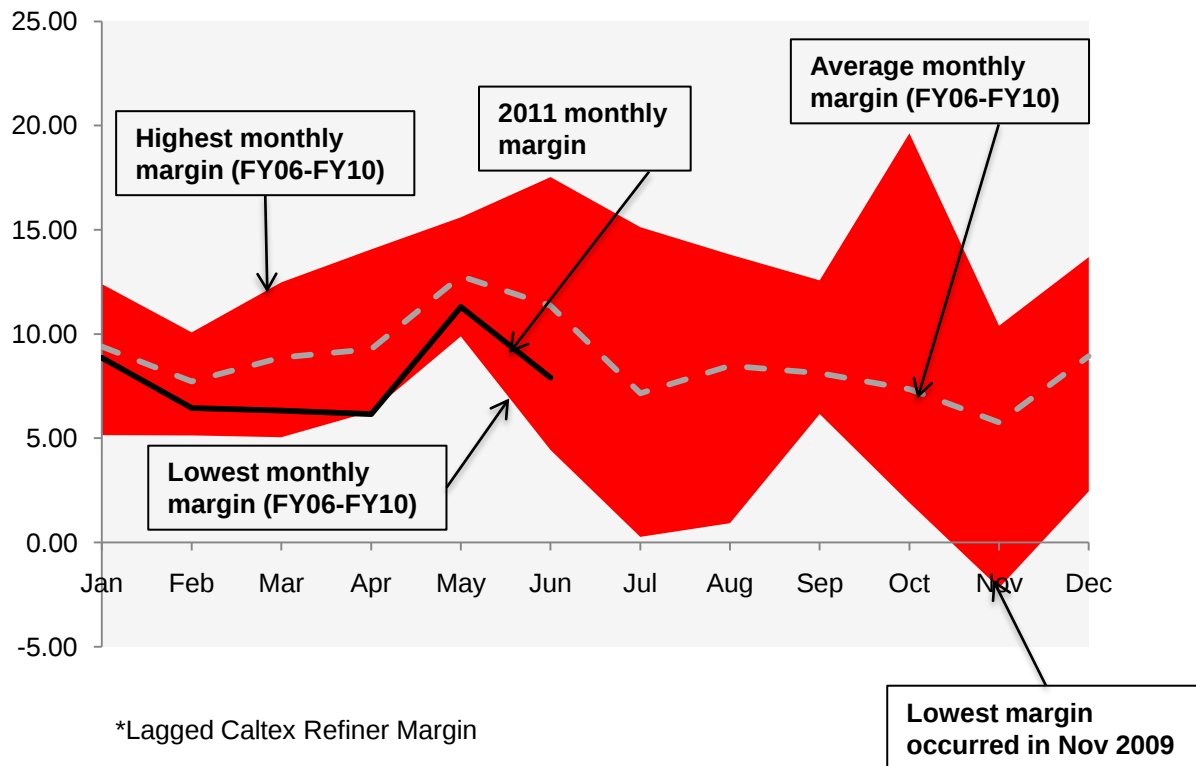
*The Caltex Refiner Margin (CRM) represents the difference between the cost of importing a standard Caltex basket of products to Eastern Australia and the cost of importing the crude oil required to make that product basket. The CRM calculation represents: average Singapore refiner margin + product quality premium + crude discount/(premium) + product freight - crude freight - yield loss

SUPPLY CHAIN HIGHLIGHTS

REFINER MARGIN IMPACTED BY MARKET FACTORS



2006-2011 Caltex Refiner Margin* (US\$/bbl)



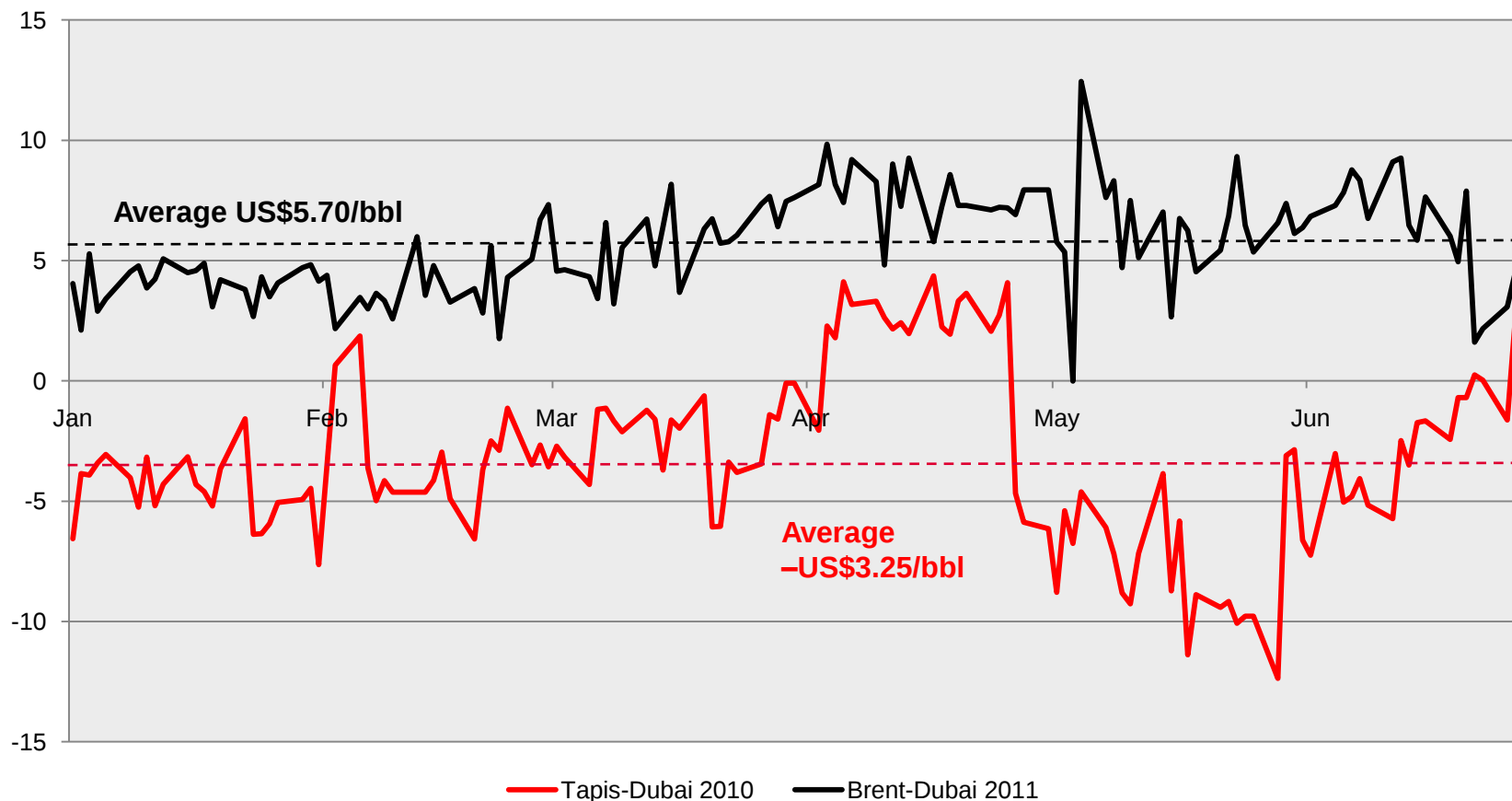
- Weaker than expected US dollar refiner margins in 1H11 due to wider Dated Brent – Dubai spread, high crude premiums and high crude cost impact on yield loss
- Lag negatively impacted margins, particularly in the first quarter
- Stronger AUD impacting Australian dollar refiner margin

LIGHT HEAVY SPREAD

US\$8.95/BBL INCREASE FROM 1H10



Light Heavy Spread

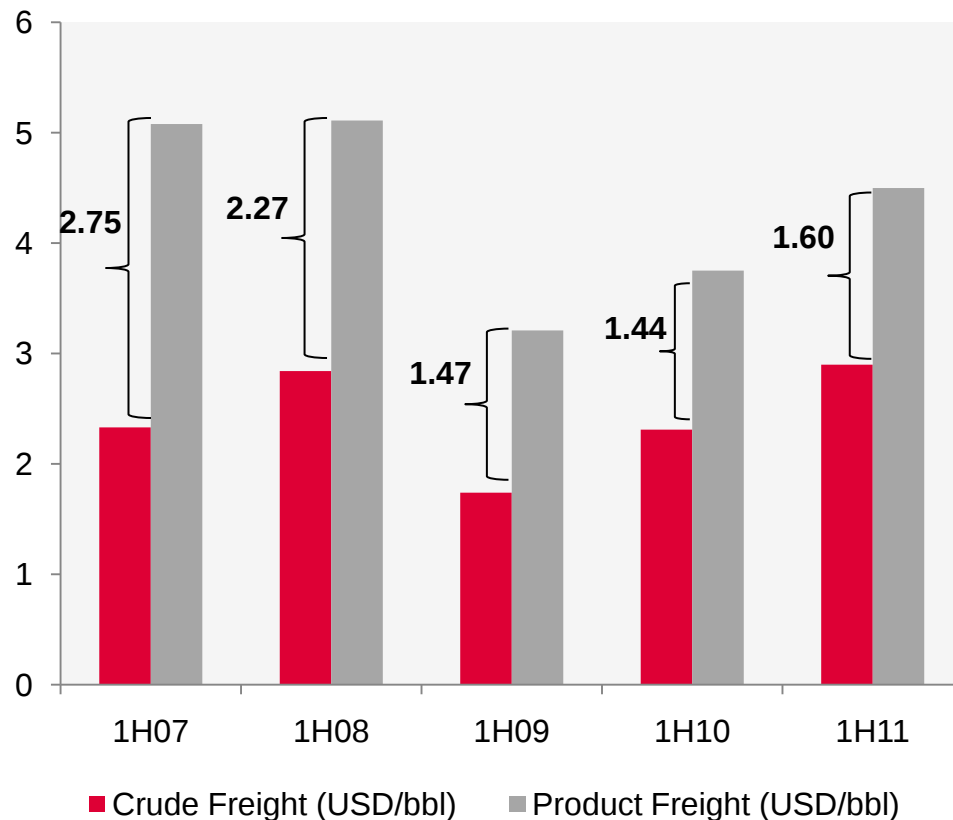


SUPPLY CHAIN HIGHLIGHTS



CRUDE AND PRODUCT FREIGHT RATES

USD/bbl



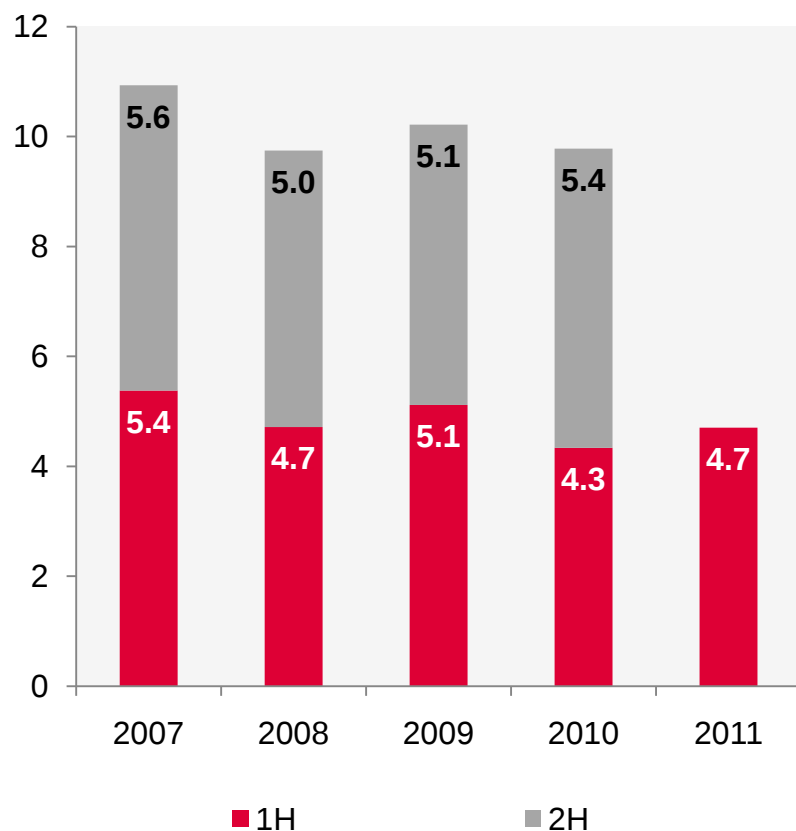
- Product freight rates continue to recover as demand grows in the region
- Crude freight rates are increasing as the proportion of West African crudes grows
- Narrow freight differential continues to pressure Caltex Refiner Margins despite modest improvement
- VLCC operation completed in Q1. Further operations anticipated for late 2011

SUPPLY CHAIN HIGHLIGHTS

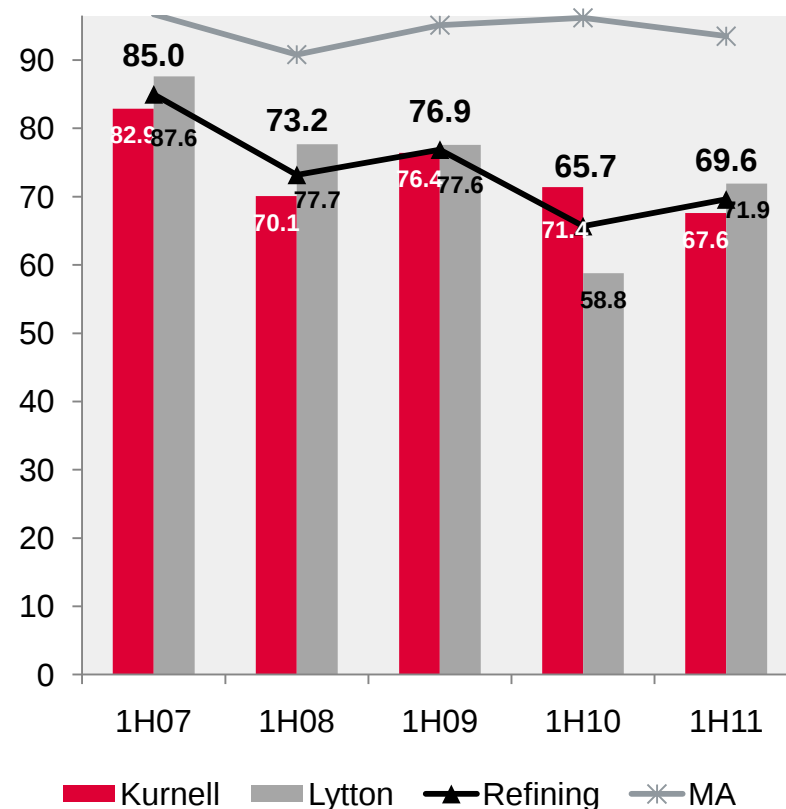


PRODUCTION INCREASES DESPITE UNPLANNED OUTAGES

Refinery transport fuel production (Billion Litres)



Refinery utilisation (%) and Availability (%)



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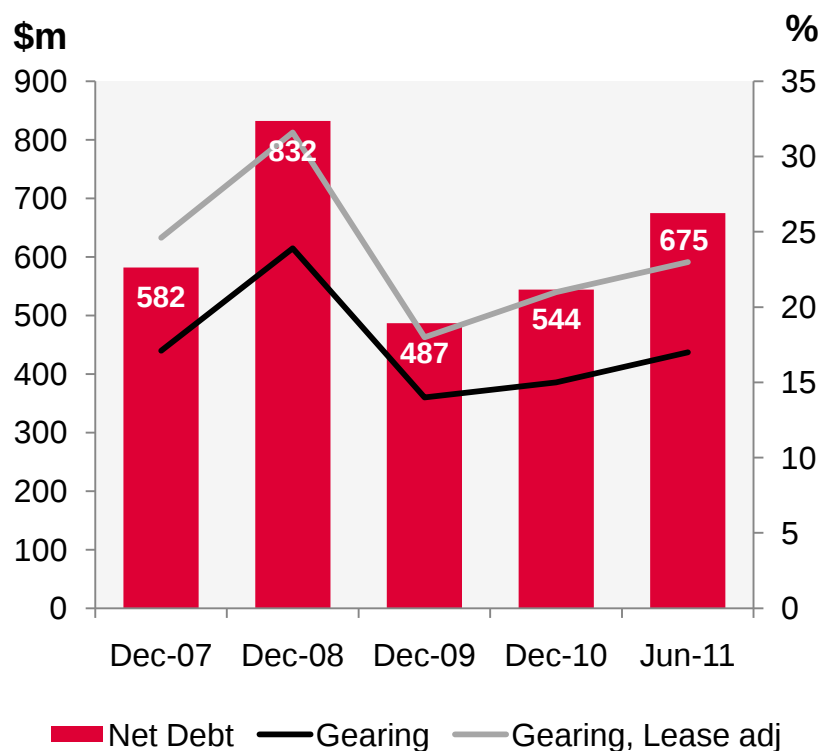


FINANCIAL DISCIPLINE

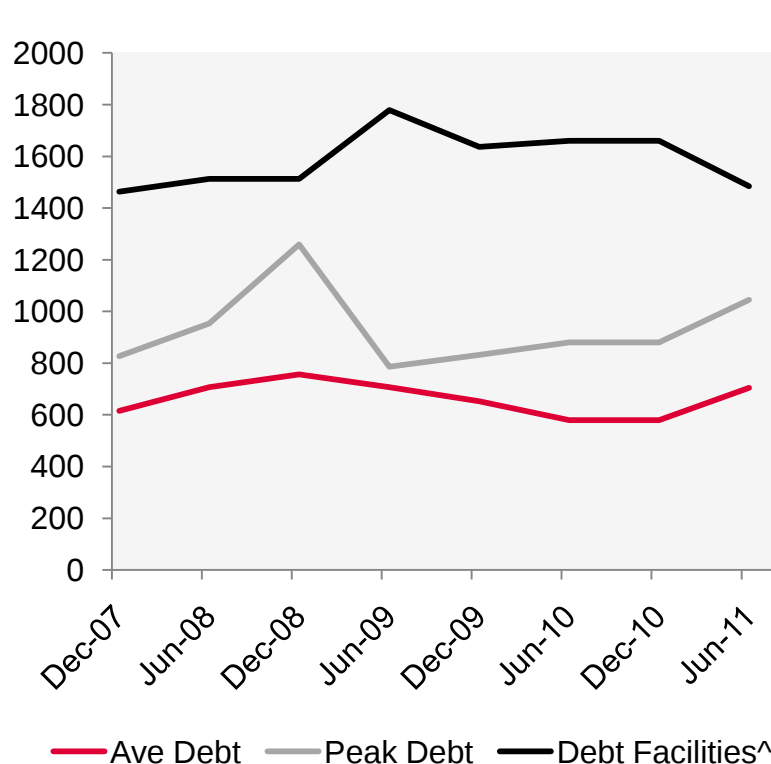


HIGHER CRUDE PRICES RAISE WORKING CAPITAL DEMANDS

Period end debt and gearing*



Caltex net debt levels**



* Gearing = net debt / (net debt + equity); Gearing – Lease adjusted, adjusts net debt to include lease liabilities

** Average debt is the average level of debt through the year; Peak debt is the maximum daily debt through the year

^ Debt facilities includes committed facilities as at June 2011. (Note: A\$132m 2002 US Private Placement bond facility repaid on 30 July 2009).

DIVIDEND

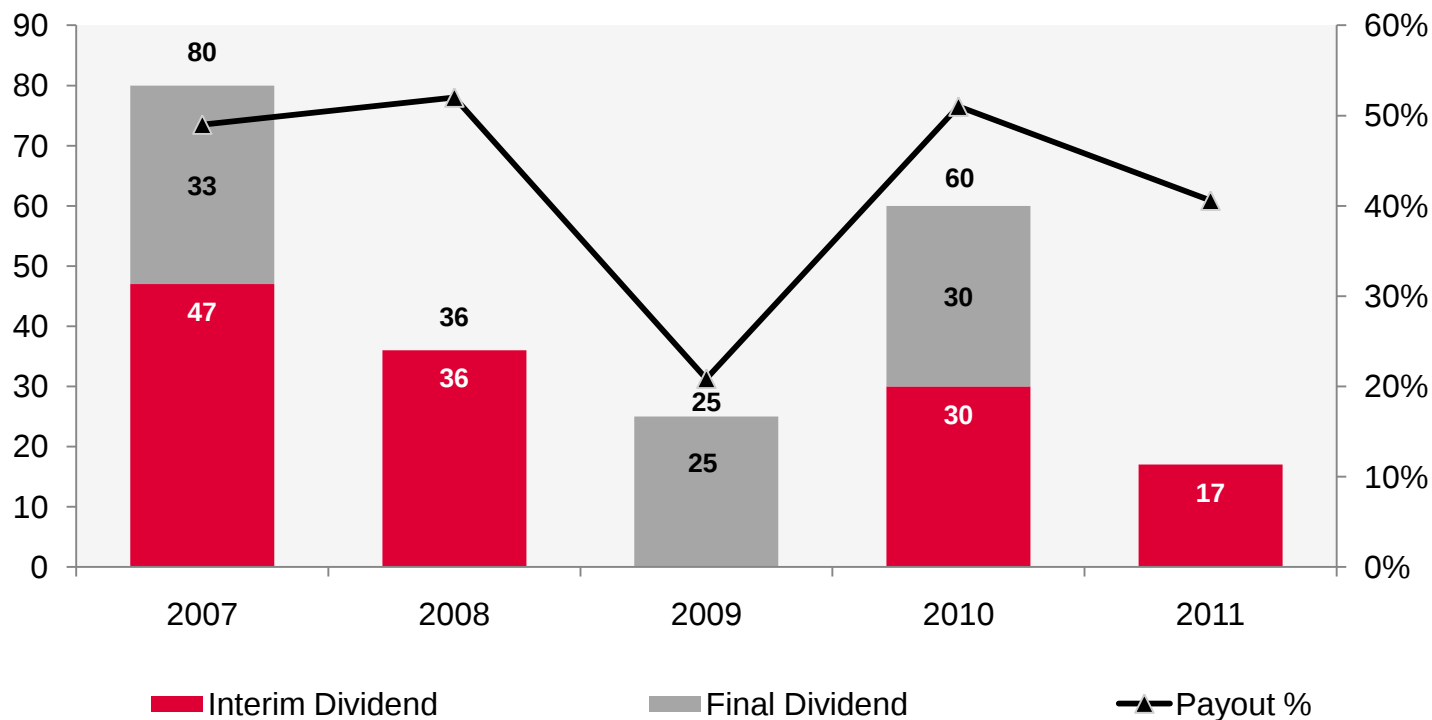


INTERIM DIVIDEND OF 17 CENTS PER SHARE

Caltex dividend history^

Cents per share

Payout Ratio^^



^ Dividends declared relating to the operating period; all dividends fully franked

^^ Payout ratio of reported RCOP NPAT

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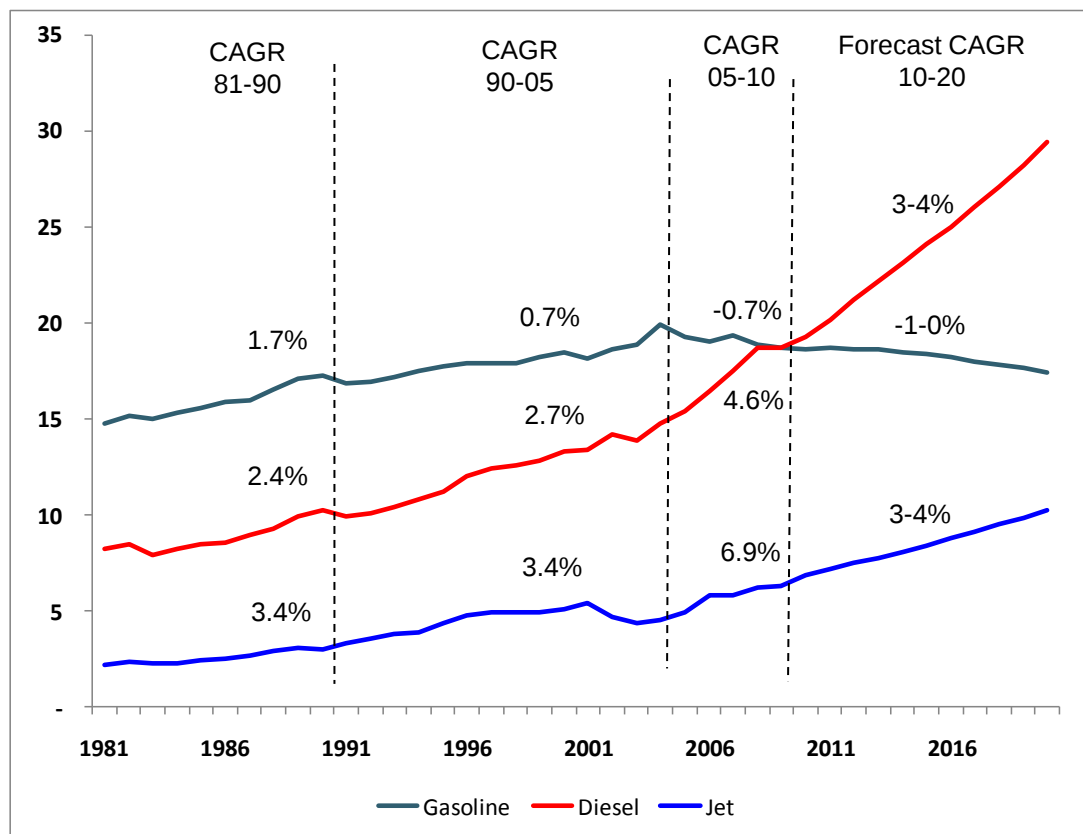
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A DECADE OF AUSTRALIAN DEMAND GROWTH FOR DIESEL AND JET EXPECTED



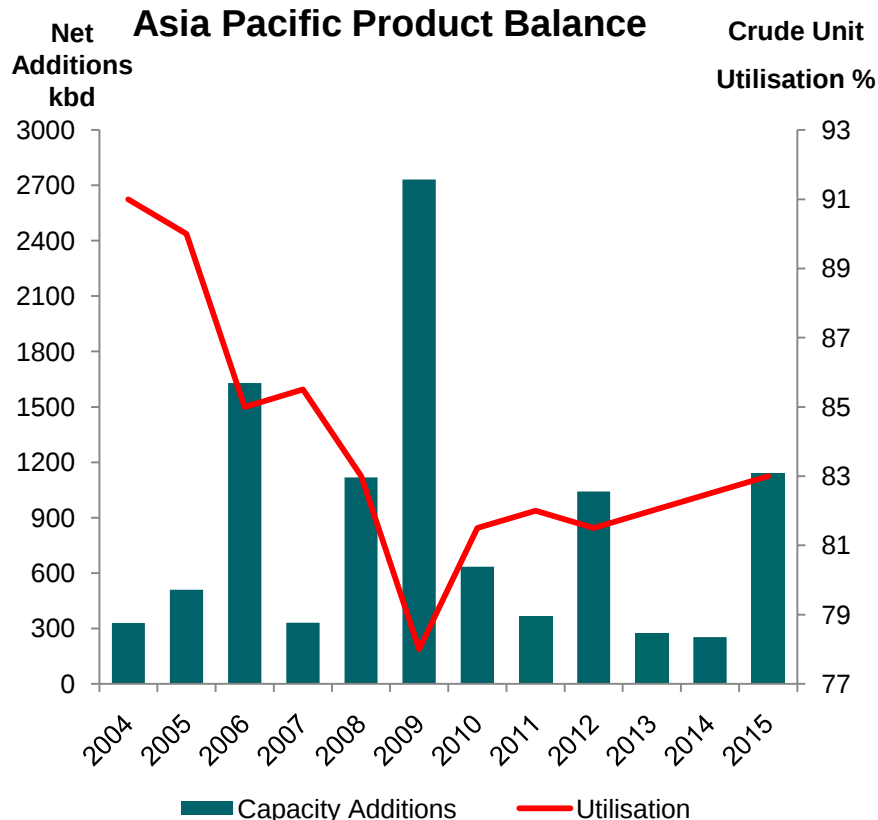
Billion Litres



Source: ABARE; DITR & CTX Analysis

- Solid demand recovery in diesel and jet fuel sales in 2011
- Longer-term demand prospects are favourable
- Diesel demand growth underpinned by GDP growth
 - Mining and transport
- Jet Fuel linked to increasing passenger travel due to economic activity / prosperity
- While gasoline overall remains a mature product, more rapid demand for higher octane, premium gasoline is expected

SLOW RECOVERY IN SUPPLY DEMAND BALANCE EXPECTED



- Projected net capacity additions in 2011 have increased due to a higher forecast for China's additions and lower forecast closures in Japan
- The latest FACTS forecast is for Asian product demand growth to be 3.5% in 2011, up from the previous forecast of 2.3%
- The longer term demand forecast out to 2020 remains similar at about 2.5% per annum
- Initiated a review of the role our refineries play in maintaining continuity of supply including a review of the optimal operation of the 2 FCCU's at Kurnell

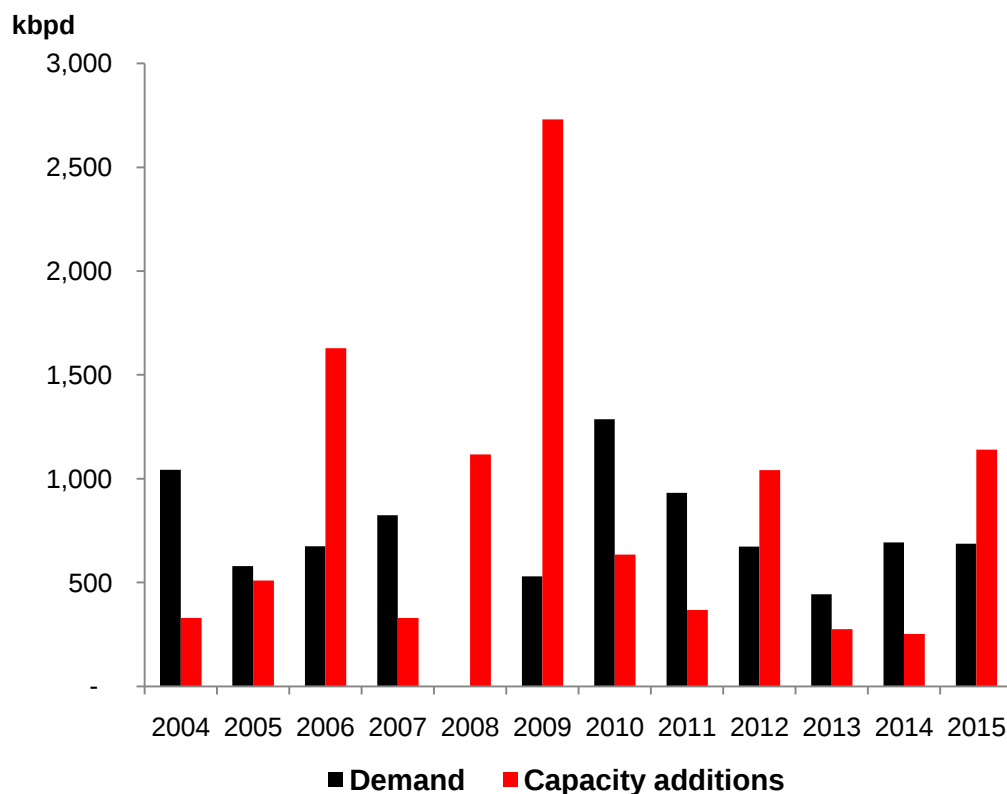
Gradual margin recovery underway as demand growth outstrips net capacity additions

Source: FACTS Global Energy April 2011 Forecast, Caltex estimates
Capacity additions are net of forecast closures

DEMAND GROWTH VS REFINING CAPACITY ADDITIONS



Asia Pacific Product Demand vs CDU Capacity Additions



- 2012 and 2015 are projected to be the peak years for refining capacity additions in Asia
- Overall, product demand growth is projected to exceed capacity expansion over the next 5 years, which will help to support refiner margins
- Any delays in capacity build will also be favourable for margins

Source: FACTS Global Energy April 2011 Forecast, Caltex estimates
Capacity additions are net of forecast closures

PRICING CARBON



-
- Carbon pricing mechanism planned to commence in 1 July 2012. Key issues for Caltex are:
 - Refining to receive assistance at highest level (94.5% of industry average intensity in year 1)
Costs for shortfall in assistance must be absorbed due to exposure to import parity pricing
 - Transport fuels out of the scheme
 - Preliminary estimate of the cost impact in the first year of the scheme is estimated to be \$5-10 million
 - Productivity Commission will conduct a review of fuel excise on the basis of carbon content.
Changes to the excise system expected to arise from this review

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IMPORTANT NOTICE



This presentation for Caltex Australia Limited is designed to provide:

- an overview of the financial and operational highlights for the Caltex Australia Group for the 6 month period ended 30 June 2011; and
- a high level overview of aspects of the operations of the Caltex Australia Group, including comments about Caltex's expectations of the outlook for 2011 and future years, as at 22 August 2011.

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
2011 HALF YEAR
RESULTS
ANNOUNCEMENT**





CALTEX AUSTRALIA LIMITED

ACN 004 201 307

2011 INTERIM RESULTS ANNOUNCEMENT – SPEAKER NOTES 22 AUGUST 2011

{Slide 1 – Cover sheet}

Good morning everyone, my name is Julian Segal and I am the Managing Director and CEO of Caltex Australia. To those of you who have chosen to join us here at 2 Market Street, welcome to our 2011 half year results briefing. I would also like to welcome participants joining us via webcast or teleconference this morning. A copy of the webcast will be available on our website by the close of business today.

Those of you who joined us here at 2 Market Street have received a copy of our half year results and our ASX media release, together with this morning's presentation. For those joining us remotely, the same material can be accessed via our public website or the ASX website.

{Slide 2 – Contents – OE Moment}

As many of you will be aware, it is customary to commence a meeting at Caltex with an Operational Excellence moment. This is a short reminder for all our employees that we will continually strive for incident free operations across all areas of our business.

{Slide 3 – Environmental Performance}

For this presentation, I would like to reflect on our environmental performance for the first half of 2011 when compared to 2010. Despite significant extreme weather events and the unplanned outages at our refineries we have achieved a significant improvement in our environmental performance with major spills down from 7 to 4 incidents in the first half of 2011 and I am extremely please to say we have had no licence exceedances this half compared with 6 in the first half 2010. This is attributable to improvements across the business.

{Slide 4 – Contents - Introduction}

Now I will turn to the discussion of our results.

{Slide 5 – Strong Marketing Performance, Refining challenges}

Caltex delivered on a Replacement Cost Operating Profit basis a Net Profit After Tax of \$113 million for the first half of 2011. On a Historical Cost operating profit basis the result was \$270 million. This result was supported by a continuing strong Marketing performance while Refining faced a number of challenges.

Cash opex has been well controlled while our balance sheet remains strong with our BBB+ stable credit rating reaffirmed for the 7th year in a row in May this year.

Our Marketing business maintained its outstanding performance as it continued to deliver strong results in the first half of 2011 with EBIT up 17% compared to a year ago. Overall transportation fuel sales were up 4.3%, underpinned by growth in commercial diesel, jet and premium fuel sales. Average transport fuel marketing margins were maintained in the volatile market while cash opex was well controlled. The finished lubricants business continued its success of last year with sales volumes up by more than 10% and market share up by 2.9% to 22.1%.

A challenging external environment emerged for Refining despite our earlier view of improving conditions. Events in Libya and Japan sharply raised the Dated Brent benchmark prices and the premiums paid to secure regional and West African light sweet crudes. The light-heavy spread widened and was on average nearly US\$9/bbl higher than the same time last year. The Australian Dollar crude price was nearly 25% higher than the same period last year negatively impacting the yield loss and crude gas price differential. All these factors combined to negatively impact the US Dollar denominated Caltex Refiner Margin.

The Australian dollar was 16% higher on average in the first half of 2011 compared to the first half of 2010. This alone reduced Caltex Refiner Margin Australian dollar earnings by \$36 million, before tax compared to the prior corresponding period. The rising Australian dollar, resulted in realised exchange gains on crude and product payables of approximately \$14 million after hedging impacts.

While transport fuels production was up 8.5% in the first half of 2011, it was lower than expected due to extreme weather and unplanned outages at both refineries and extension of the planned maintenance at Kurnell.

{Slide 6 – Strong Marketing Performance, Refining challenges}

Progress on achieving the Project Catalyst targets has continued with strong focus on procurement and the process of establishing the building blocks of the Refining Improvement Initiative continues. It is a long journey to transition the performance of Refining but we remain on track to achieve our improvement target by the end of 2012.

Despite the challenging environment, our safety journey continues with a modest improvement in our safety performance achieved this half as both the Lost Time Injury and Total Treatable Injury frequency rates were down compared to first half 2010.

The marketing outlook is positive but the refining sector outlook remains uncertain due to the continuing strong Australian Dollar and the direction of the light-heavy spread. The supply demand balance continues to improve as the global spare refinery capacity continues to decline, prior to the next major build cycle in the middle of the decade.

We expect Project Catalyst to continue to deliver benefits through the procurement program and Refining Improvement Initiative and well as various minor efficiency initiatives.

{Slide 7 – Contents – Strategy}

Turning now to our strategy update....

{Slide 8 – Caltex Strategy Core Elements - Three Pillars}

In February 2010 I outlined the three pillars of our strategy for the business. These three pillars are Culture, the Cost and Efficiency program under the banner of Catalyst and growth.

I said then, firstly we would concentrate on growth in earnings from our Marketing business in the areas of premium fuels, diesel, jet, finished lubricants and convenience store income. We have seen the success of this organic growth strategy as Marketing continues to deliver double digit compound annual growth rates in its gross margin earnings.

This growth has been underpinned by investment in strategic infrastructure to strengthen our supply chain including our investments in our North Queensland terminals which were completed earlier this year.

We believe that the Catalyst project and organic growth will provide growth in Marketing earnings in the years to come. However this will not be enough to meet our long term growth ambitions and we will need to pursue inorganic growth opportunities. To this end we have already assessed and rejected a number of opportunities although there is nothing specific to discuss at this time we will continue to scan the environment for value accretive inorganic opportunities.

{Slide 9 – Strategy Update – Refining Improvement Initiative}

Also in February 2010, we announced the Refining Improvement Initiative targeting an EBIT improvement of \$100 million per annum by the end of 2012. We have completed phase one of the maintenance initiative with the award and transition of the new maintenance contract for Lytton and Kurnell refineries to Wood Group PSN during the second half of 2010. The second

phase of this project which includes the transition of the majority of Caltex in house maintenance to the Wood Group PSN is currently underway. A small core team of employees will be retained to ensure that core skill sets are retained within Caltex. By capturing maintenance best practices we expect to see an improvement in the reliability and availability of the refineries over time.

De-manning in accordance with the Lytton Operator Enterprise Bargaining Agreement signed last year has commenced, with further manning level reductions by the end of the year.

Progress on the lube refinery closure is well underway with some units already decommissioned and all production expected to cease by the end of the year.

In addition there are a number of quick wins and debottlenecking projects which have been completed providing EBIT uplift and energy savings. Many of these have recurring benefits. To the end of 1H11 \$10.5 million of recurring benefits have been realised.

{Slide 10 – Strategy Update – Infrastructure Developments On Track}

Our infrastructure developments remain on track with two additional diesel tanks in Mackay and Gladstone completed earlier this year. In addition, construction of the two new large diesel tanks in Port Hedland is well advanced with completion expected late in 2011. The tanks have been hydrotested, are being painted and all equipment is now on site.

We recently announced our plans to boost supply reliability in South Australia with a proposed 25 year deal with Terminals Pty Ltd to nearly double the fuel storage capacity for the state. The new facility is expected to open in 2013 and in the first phase will provide 85 million litres of storage capacity for all grades of petrol, diesel and biodiesel.

The Sydney jet fuel pipeline expansion project is progressing well with the procurement phase completed and early preparations for the construction phase underway.

{Slide 11 – Strategy Update - Organic growth in marketing}

Our Marketing business continues to outperform its organic growth target with the half on half EBIT growth of 17% well above the challenge to grow EBIT by at least 5% per annum.

This substantial improvement in profitability was supported by the increase in retail premium gasoline sales from 18% to 22% of the total gasoline sales pool, while premium diesel sales share of our growing retail diesel sales increased from 23% to 44%.

Commercial diesel sales volumes have grown by nearly 13% above the first half of 2010.

Jet fuel sales growth continues with a 7% improvement when compared with the prior corresponding period.

Finished lubricants growth has been outstanding again this half with volumes growing by more than 10% over the first half of 2010.

The change to the earnings model under the new franchise agreement has meant that, despite flat weekly shop sales, total non fuel income rose. The decline in shop sales has been influenced by tight consumer spending, higher fuel prices, poor weather, softer sales in some product lines and increased competition from the major supermarket chains in some product lines. Caltex remains the number one convenience store operator as measured by Nielsen.

{Slide 12 – Contents – Financial Highlights}

I will now handover to Simon Hepworth our Chief Financial Officer to present our financial results and discuss the performance of the individual business units in greater detail.

{Slide 13 – Financial Highlights}

Thank you, Julian.

For the six months to 30 June 2011, the Replacement Cost EBIT was \$193 million compared to \$261 million, excluding significant items in the first half of 2010.

RCOP NPAT of \$113 million, was down 31% on the first half RCOP NPAT of \$163 million for 2010. This resulted in a corresponding decline in earnings per share to 41.9 cents per share.

For the same period Historic Cost Net Profit after Tax was \$270 million with no significant items compared with \$141million for the first half of 2010, this figure includes \$14 million of significant items.

On a historical cost basis, earnings per share was 100 cents in the first half of 2011 compared with 52 cents per share in 2010.

This historic cost result includes the impact of the rise in oil prices over the half which created an inventory gain of \$157 million after tax. The replacement cost result excludes this impact.

The Board declared an interim dividend of 17 cents per share fully franked compared with a 30 cent dividend for the same period in 2010 in line with policy.

Debt rose during the half from \$544 million at the end of December 2010 to \$675 million at the end of June 2011 as higher crude prices raised working

capital requirements. As a result, period end gearing rose to 17%, or 23% on a lease adjusted basis.

{Slide 14 – Strong Marketing performance, Refining headwinds}

Driven by a sharp increase in crude prices, the historical cost result included inventory gains of \$157 million after tax compared with inventory loss of \$8 million after tax in the first half of 2010.

Despite the strong Marketing performance, this overall result has been impacted negatively by the lower US dollar refiner margin and stronger average Australian dollar exchange rate compared with 2010 which was only partially offset by an exchange gain on payables.

Total production volume for the half increased, but was lower than expected due to extension of the planned major maintenance at Kurnell and unplanned outages at both refineries.

{Slide 15 – Crude price increase drives historical cost result}

In the first half of 2010, the crude price was relatively stable but slightly declined between December 2009 and June 2010. This resulted in an inventory loss of \$11 million dollars before tax and the RCOP EBIT result being greater than the historic cost EBIT. The situation reversed in the first half of 2011 as the crude price rose sharply from December 2010 to June 2011 creating inventory gains of \$224 million before tax.

RCOP EBIT declined half on half from \$261 million to \$193 million as the decline in EBIT contribution from Refining and Supply of \$110 million, including \$64 million from the impact of externalities, was only partially offset by the increase in EBIT contribution from Marketing of \$49 million.

{Slide 16 – Externalities and operational disruptions impact result}

Turning now to this waterfall to explain the differences in RCOP EBIT, the contributions from factors within our control appear on the right hand side of the chart.

Turning firstly to the controllables, the major positive contribution came from the increase in transport fuel sales as well as the average transport fuel sales margin. Also non fuel income was up as the new franchise agreements increased returns and card income increased with higher fuel prices.

Despite the growth in our finished lubricants sales, our specialty products were in decline as sales volumes and margins of petrochemical feedstocks, marine fuel oil, LPG, bitumen and waxes all came under pressure due to competitive forces on pricing and weather impacting demand.

Despite the unplanned outages and extension to the planned major maintenance, CRM sales from production was up compared with the prior corresponding period which was heavily impacted by planned major maintenance.

The lower refinery availability resulted in import and export losses. The lost opportunity cost of this lower refinery availability is estimated to have reduced the first half result by approximately \$50 million.

The rising crude price also created negative pricing lags on our non transport fuel products.

This year for the first time we have moved the costs for purchase of natural gas and steam to operating expenses whereas previously it was treated in the cost of goods sold as if it were feedstock cost. This has had the effect of appearing to increase operating expenses while the benefit of improved yield loss is realised in production volumes. The cost of steam and natural gas purchases was \$25 million for the first half of 2011.

Operating expenses, excluding depreciation and natural gas and steam costs are up \$33 million. Marketing operating expense increases includes an increase in other non-cash remediation provisions and doubtful debts, plus repairs and maintenance expenses relating to the impact of the floods in the first quarter of 2011. Refining operating expense increases are largely associated with market driven labour cost increases and increased maintenance expenses due to the unplanned outages.

Depreciation and Amortisation is up \$8 million on the first half of 2010 as the continued investment in retail store upgrades, infrastructure and the major planned maintenance at Lytton in 2010 flows through.

As already stated, our first half result was negatively impacted by external factors.

The 7 day pricing lag negatively impacted the result by \$5 million more than the first half of 2010 as the crude price rose sharply during the first half of 2011 compared with a relatively more stable crude price during the first half of 2010.

Gas/crude price differential largely arises due to timing differences between gas prices and the crude oil price where market adjustments to the gas benchmark price (generally Saudi Propane and Butane markers) lag the movement in crude price. As the average landed crude price in 2011 was higher compared to 2010 there was a negative impact of approximately \$14 million due to the higher negative impact of the gas/crude differential. In addition Caltex attributes the cost of crude to gases on a volumetric basis rather than by mass. As the cost of crude rises the difference between allocating costs on a volumetric rather than mass basis is amplified, as gas products are allocated a higher proportion of the crude cost than would be otherwise warranted.

The lower USD Caltex Refiner Margin negatively impacted earnings by \$57 million compared with 2010.

The stronger average Australian dollar negatively impacted earnings by \$36 million compared with the first half of 2010.

During the first half of 2010 there was no currency hedging program so Caltex was exposed to the full loss associated with the significant weakening of the Australian dollar in May and June of 2010 resulting in a net realised and unrealised exchange loss of \$36.3 million on crude and product payables for the first half of 2010. In contrast the Australian dollar rose slightly in the first half of 2011 and after hedging resulted in a \$11.4 million realised and unrealised exchange gain.

{Slide 17 – Segment reporting }

This slide shows the contribution of our two key segments:

- Marketing; and
- Refining and Supply.

Marketing's result in the first half demonstrates the robustness of Marketing earnings and the success of our strategy to grow this part of the business which provides a cushion against the volatility within our Refining business.

{Slide 18 – Refiner margin impacted by higher dollar}

Our integrated fuel margin for the first half of 2011 was 8.9 Australian cents per litre, down from 10.2 Australian cents per litre in the same period last year.

The decrease reflected the impact of a stronger Australian dollar on the weaker US dollar CRM with transportation fuel marketing margins up slightly due to improved product mix.

{Slide 19 – Contents – Marketing Highlights}

Turning now to our Marketing business.

{Slide 20 – Marketing results reflect strategic focus}

The gross contribution from our Marketing business – that is, before operating costs - continues to provide a stable earnings platform with the contribution up over 26% on the prior corresponding period.

As discussed previously the contribution from Lubricants and Specialties was down \$5 million. The contribution from Specialties was down 18% offsetting the increase of 4% from lubricants. In addition to the factors mentioned

previously the Specialties contribution was impacted by our decision to cease manufacture and sales of base oils as a result of the planned CLOR closure.

{Slide 21 – Transport Fuel Sales – Premium Fuels Growth}

We continue to see overall gasoline sales trending down by about 1% per annum, broadly in line with the market. Within that, however, we continue to see substantial growth in premium petrol and E10 sales volumes.

{Slide 22 – Transport Fuel Sales –Growth Continues}

Total diesel sales have increased more than market to be up by more than 9%. Retail diesel sales have grown strongly including the introduction of the premium diesel product, Vortex Diesel. This trend is likely to continue supporting our strategy for the rollout of Vortex diesel to our retail sites.

Jet fuel volumes increased by nearly 7%, underpinned by a strong and growing customer base.

{Slide 23 – Non fuel income}

Total average weekly sales from our convenience stores have decreased 1.6% on the same period last year. As discussed previously this result has been impacted by the soft economic conditions and adverse weather early in the year in Queensland and Victoria.

However, total non fuel income has increased by 14% as the mix of earnings from our new franchise agreements supported earnings and the higher fuel prices improved earnings from card.

{Slide 24 – Contents}

I will now turn to our Refining and Supply business.

{Slide 25 – Caltex Refiner Margin}

For the six months to 30 June 2011, the lagged Caltex refiner margin (CRM) averaged US\$7.82/bbl compared to US\$9.67bbl in the previous year.

The Singapore Weighted Average Margin for this period was US\$11.11 /bbl which is approximately 20% lower than \$US13.95/bbl recorded in the first half of 2010. This decrease was primarily due to the widening of the Dated Brent-Dubai crude oil spread.

The product quality premium averaged around \$US1.86/bbl across all transportation fuels, in line with the prior corresponding period.

The CRM was impacted by an unfavourable pricing lag of \$US 0.36/bbl equivalent to EBIT of approximately \$12 million. This was driven by a modest

increase in crude cost from December 2010 compared to June 2011 as the peak prices from earlier in the half eased as the situation in Japan eased.

Despite the higher average crude price the yield loss impact reduced this half compared to 2010 as the yield loss improved due to lower planned maintenance and the move to more natural gas purchases.

A stronger AUD negatively impacted our AUD CRM. In the first six months, the AUD averaged US103.3 cents, around 14 cents stronger than in the same period in 2010. This, together with the lower USD refiner margin, resulted in a 30% fall in the AUD CRM to 4.76 cents per litre.

{Slide 26 –Refiner Margin impacted by market factors}

This slide shows the range of Caltex Refiner Margin during the period of 2006-2011. Six of the lowest monthly Caltex Refiner Margins occurred in 2009 with November 2009 signalling the bottom of the cycle. The black line reflects the 2011 Caltex Refiner Margin year to date which is below average for the period and reflecting the negative impact of the wide light-heavy differential, high crude premiums and the high cost of crude on yield loss.

{Slide 27 – Light Heavy Spread}

The Dated-Brent – Dubai spread averaged US\$5.70/bbl over the period, approximately US\$2 - 3/bbl over the long term average. When compared with the light heavy spread of 2010 which was measured using APPI Tapis – Dubai spread there is approximately a US\$9/bbl widening of the spread. It should be stated that APPI Tapis traded at a significant discount to its normal levels during 2010 leading to a reversal of the light – heavy spread.

{Slide 28 – Crude and Product Freight Rates}

As the Australian market is short, import parity pricing allows Caltex to capture the freight differential between product and crude freight in the CRM.

Between 2003 and 2008 this differential was reasonably stable, varying between US\$2/bbl and US\$2.75/bbl.

During the downturn, the decline in global demand for both crude and product resulted in lower shipping rates. During the first half of 2011 the slight recovery in product freight rates has continued while crude freight rates have increased, influenced by the higher proportion of West African crude purchases. The net impact has been a slight improvement in the freight differential however Caltex's Refiner Margin remains under pressure from this narrower differential.

We successfully completed our first Very Large Crude Carrier or VLCC operation in the first quarter of this year. Further VLCC operations are anticipated in late 2011.

{Slide 29 – Production increases despite unplanned outages}

High value transport fuels production improved this half as the planned major maintenance had a lower impact than in the first half of 2010. However, the expected level of production was reduced by unplanned outages and extreme weather events at both refineries and the extension of the planned major maintenance at Kurnell.

Operational availability and mechanical availability fell this year as a result of these unplanned events. The transition of maintenance to Wood Group PSN as part of our Catalyst initiative is a key element in the strategy to improve the reliability of our refineries.

{Slide 30 – Contents – Financial Discipline}

{Slide 31 – Higher crude prices raise working capital demands}

Debt and gearing have risen in the first half of 2011, as expected due to the higher crude prices and therefore working capital demands. However we continue to maintain strong headroom.

Given we operate in a cyclical industry, we remain cognisant of the need to maintain a strong balance sheet at all times. This factor has been recognised with the company's BBB+/Stable credit rating recently affirmed.

{Slide 32 – Dividends: Interim dividend of 17 cents per share}

As discussed earlier the Board declared an interim dividend of 17 cents per share fully franked. This represents a payout ratio of approximately 40% in line with policy and compares with an interim dividend payout of 30 cents per share fully franked for the first half of 2010.

Caltex remains committed to a conservative balance sheet and will continue to focus on good cash management.

{Slide 33 – Contents – Outlook and Summary}

I will now hand back to Julian who will discuss the outlook for Caltex.

{Slide 34 – A decade of demand growth for diesel, jet fuel and premium fuels projected to continue}

Thank you, Simon

Our outlook for demand remains largely unchanged as diesel and jet fuel demand growth is expected to continue. While we expect overall gasoline demand to remain in decline we expect continued growth in the premium grades.

{Slide 35 – slow recovery in supply demand balance expected}

At Caltex, we expect a gradual improvement in margins to reflect the improving refining supply overhang during the remainder of 2011. We also expect the light-heavy spread to improve once the crisis in Libya is resolved and supply of light sweet crude returns to more normal levels.

The forecast of net capacity additions for 2011 has increased due to higher forecast additions in China and a reduction in forecast closures in Japan due to the recent disruptions to its refining capacity following the recent earthquake and tsunami.

The key to margin improvement continues to be the speed and magnitude of recovery in product demand, but it also depends on the actual output of the global refining network as crude runs are cut to match demand.

In recognition of the challenging environment in which we operate, and as part of our practice of regularly reviewing our business portfolio, we have initiated a review to understand the role the refineries will play in maintaining continuity of supply to our customers. As part of a broader review of refining we are considering the optimal operation of the two catalytic crackers at Kurnell.

{Slide 36 – Demand growth vs capacity additions}

2012 and 2015 are the peak years for capacity additions in Asia however the total demand growth is expected to outstrip total capacity additions through to the middle of the decade. Any delays in capacity additions will be supportive of margins.

{Slide 37 – Pricing Carbon}

The government recently announced its plans for the introduction of a price on carbon. The scheme has a planned commencement date of 1 July 2012. Under the proposed scheme Caltex will receive assistance for refining emissions at 94.5% of industry average intensity in year one, reducing by 1.3% compounding thereafter. Transport fuels have been excluded from the scheme removing the liability that Caltex potentially faced for its customer's emissions from use of fuel under the now defunct Carbon Pollution Reduction Scheme. A preliminary estimate of the cost impact in the first year of the scheme is \$5 – 10 million.

The government also announced that the Productivity Commission would conduct a review of the adjustment of excise on the basis of carbon content of fuels. Changes to the excise system may occur as a result of this review, which we expect to occur by 2015.

{Slide 38 – Content Slide – Q&A}

That concludes this morning's presentation. We have time to take questions. Could I ask that we start with questions from the floor before moving to our teleconference participants?

Please raise your hand if you have a question and state your name. For the benefit of our webcast and teleconference participants, please wait for the microphone before posing your question.

{Slide 39 – Q&A}

{Field questions from the floor, then phone and web}

{Slide 40 – Disclaimer}

END: That's all we have time for today. Thank you for attending the presentation today, either in person, via webcast or teleconference call. I look forward to talking to you again in February 2012 when we announce our final results for 2011.

{Slide 41 – End slide}