

**CALTEX AUSTRALIA LIMITED**
ACN 004 201 307**LEVEL 24, 2 MARKET STREET**
SYDNEY NSW 2000 AUSTRALIA

27 February 2012

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED
2011 FULL YEAR RESULTS MEDIA RELEASE AND PRESENTATION AND 2012
AGM**2011 full year results media release and presentation**

Caltex Australia Limited (Caltex) will make a presentation to analysts and investors at 10 am (Sydney time) today in relation to Caltex's 2011 full 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 February and March 2012, Caltex will make a number of presentations to investors and analysts. These presentations will be based on the material provided in the *2011 Preliminary Final Report* and *2011 Financial Report* (which were lodged earlier today) and the attached *ASX / Media Release* and presentation slides (and speaker notes).

2012 Annual General Meeting

Caltex's 2012 Annual General Meeting will be held at 10 am on Thursday, 10 May 2012 at the Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales, Australia.

The *2011 Annual Report* and *2011 Annual Review* (for shareholders who have elected to receive a printed copy of the report), notice of meeting and proxy form will be sent to shareholders in April 2012.

Peter Lim
Company Secretary

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

Attach.

ASX/Media Release

For immediate release

27 February 2012

Another record Marketing result Refining asset write down drives loss

Key points:

- Full year after tax loss on a historic cost basis (HCOP) of \$714 million including significant items, primarily due to impairment of refinery assets
- Full year after tax profit on a replacement cost of sales operating profit basis (RCOP)¹ of \$264 million, before significant items
- Another record Marketing result
- Deteriorating externalities, unplanned outages and asset write down drive loss in Refining
- Final dividend of 28 cents per share (fully franked)
- Decision on refinery review approximately six months away – considering all options to improve shareholder value, ranging from investment to closure
- Marketing outlook remains positive

Results summary	Full Year ended 31 December 2011	
	2011	2010
Historic Cost result after tax	\$M	\$M
Excluding significant items	\$402	333
Including significant items	(\$714)	317
RCOP result:		
After tax		
Excluding significant items	\$264	318
Including significant items	(\$852)	302
Before interest and tax		
Excluding significant items	\$442	500
Including significant items	(\$1152)	477

Historic cost basis

On a historic cost basis (including inventory gains), Caltex recorded an after tax loss of \$714 million for the 2011 full year, including significant items of approximately \$1116 million (after tax), which relates primarily to the impairment of the refinery assets announced on 16 February 2012. This compares with the 2010 full year profit of \$317 million, including significant items of \$16 million (after tax). The 2011 result includes product and crude oil inventory gains of \$138 million after tax as the average Dated Brent price rose from US\$79.46 in 2010 to US\$111.27, compared with an inventory gain of \$15 million after tax in 2010 when the crude price was more stable.

Replacement cost operating profit

On a replacement cost of sales operating profit (RCOP) basis, Caltex recorded an after tax profit for the 2011 full year of \$264 million, excluding significant items. This compares with \$318 million for the 2010 full year (excluding significant items). The difference between 2010 and 2011 is largely attributable to deteriorating externalities and operational disruptions during 2011. These externalities include a higher Australian dollar and a wider light-heavy crude oil price spread, both of which reduced the Australian dollar Caltex Refiner Margin².

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 historic cost, including the effect of contract-based revenue lags.

Best ever safety result

For the second consecutive year, Caltex achieved a best ever safety result. In 2011 the lost time injury frequency rate reduced 27% to 0.99 per million hours worked, compared to 1.35 per million hours worked in 2010.

Another record Marketing result

Marketing's earnings before interest and tax (EBIT) increased by more than 20% when compared with 2010. This result was achieved through growth in sales of premium petrol, diesel, jet fuel, lubricants and non fuel income. This growth was supported by the investment in retail store upgrades and supply chain infrastructure, including the opening of the expanded Port Hedland terminal. This excellent 2011 EBIT result continues an annual growth rate of over 13% since 2007.

Externalities and unplanned outages drive loss in Refining

The majority of the decline in profitability of the Refining business was due to deteriorating externalities, particularly the high Australian dollar, which rose from an average of 91.96 cents in 2010 to 103.24 cents, an increase of over 12%. Underlying cash operating expenses were well controlled with an increase lower than the Consumer Price Index (CPI) for the second year in a row. Good progress is being made on the Refining Improvement Initiative, with many of the initiatives expected to deliver value in 2012 and beyond. However, the benefit of cost and efficiency improvements was offset by the impact of unplanned outages.

Refinery review

The poor 2011 Refining performance and the continuing difficult 2012 outlook for the company's Refining business led Caltex to commence a major study into the role of its refineries in its supply chain, as previously announced in August last year.

Caltex's Managing Director & CEO Julian Segal said, "The overarching objective of this review is to optimise value for our shareholders and, to that end, we continue to thoroughly evaluate all options to improve the 'as-is' business, ranging from investing to improve their performance, or closing if we are able to import product at a competitive price. Continuation of the status quo is not sustainable."

"We expect that the outcome of the review will be known in approximately six months as there are many issues to consider. The detailed review is assessing issues such as the supply alternatives for our Marketing and Distribution business, the risk associated with each strategic option and the impact of possible decisions on a broad range of stakeholders. I want to stress that we remain strongly committed, as always, to safe and reliable operations," Mr Segal said.

Balance sheet remains strong

Net debt at 31 December 2011 is \$617 million, compared with \$544 million at 31 December 2010.

Caltex is committed to maintaining a BBB+/Stable credit rating that was recently reaffirmed after the announcement of the write down of refinery assets.

Dividend

The Board has decided to declare a final dividend of 28 cents per share (fully franked) for the second half of 2011. Combined with the interim dividend of 17 cents per share for the first half, paid in September 2011, this equates to a total dividend of 45 cents per share for 2011 fully franked. This compares with a total dividend payout of 60 cents per share (fully franked) for 2010.

Marketing and Distribution business is strong and continues to grow

"The Caltex Marketing and Distribution business is strong, and we are continuing to build its position as Australia's leading supplier of petroleum fuels by further investment in the company's supply chain," Mr Segal said.

Caltex supplies over one third of all transport fuels in Australia and remains committed to maintaining reliable supply to its commercial and retail customers.

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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.

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



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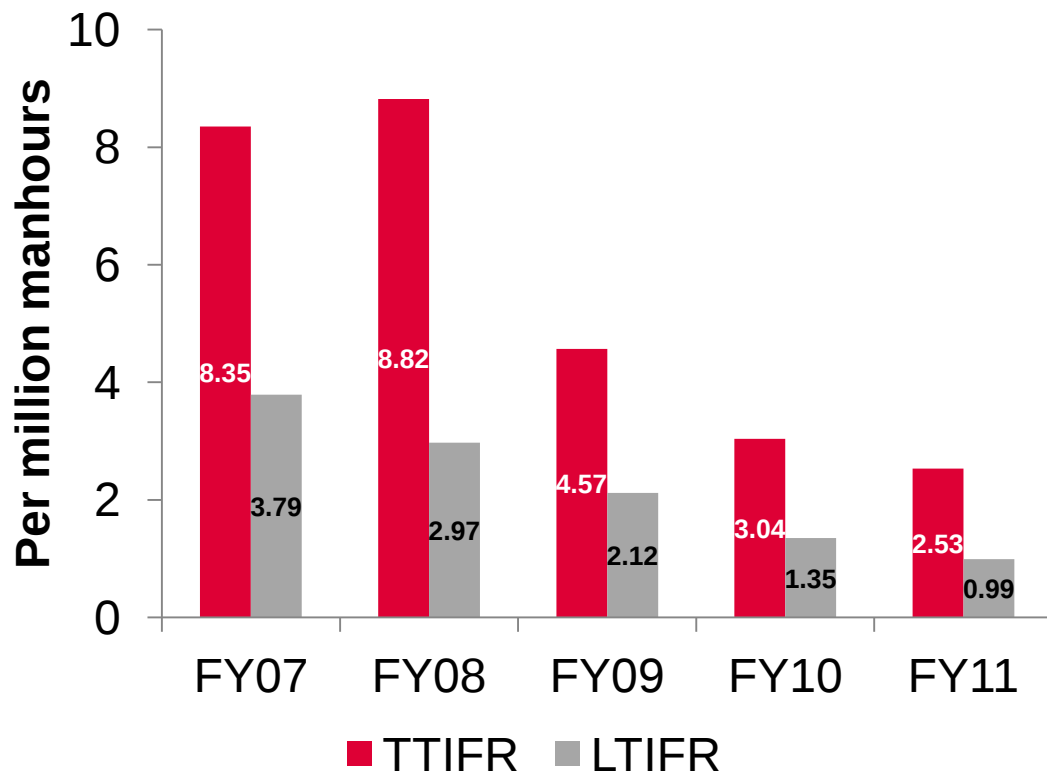


OE MOMENT

SAFETY PERFORMANCE



Injury frequency rates improvement



- Making significant progress in personal safety
- 27% reduction in LTFIR from FY10
- 17% reduction in TTIFR from FY10

Note: From 2010 frequency rates have included contractors.

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INTRODUCTION

FULL YEAR 2011 RESULTS SUMMARY

Company result impacted
by asset carrying value
adjustment

- \$264M RCOP NPAT excluding significant items and a HCOP Net loss after tax of \$714M including significant items of \$1116M
- Refinery asset carrying value written down by \$1.5B
- Continuing strong Marketing performance offset by Refining challenges
- Cash opex well controlled
- Balance sheet remains strong

Another record Marketing
result

- Marketing EBIT up more than 20% year on year
- Driven by continued growth in premium petrol fuels, diesel and jet sales, lubricants and non fuel income.
- Supported by investment in retail store upgrades and infrastructure

Externalities and
unplanned outages drive
loss in Refining

- Majority of profit decline from 2010 is due to deteriorating externalities
- Cash opex increases held below CPI for second year in a row
- Continued progress on Refining Improvement Initiative offset by impact of unplanned outages
- Higher value products represent a higher share of production

INTRODUCTION

2012 OUTLOOK



Short term outlook

- Marketing outlook positive, accelerated investment to maintain growth trajectory
- Strong Australian dollar will continue to pressure Refining earnings

Refinery review

- Refinery review in progress, continue to evaluate all options from investment to closure
 - Decision expected in approximately 6 months
- Overarching objective of the review is to optimise value for shareholders

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CALTEX STRATEGY CORE ELEMENTS

THREE PILLARS



- ✓ Culture
- ✓ Cost and efficiency
 - ✓ Refinery review in progress
 - ✓ Continued progress in Refinery Improvement Initiative
 - ✓ Focus on cost supported by procurement activities
- ✓ Growth
 - ✓ Organic growth in Marketing
 - ✓ Positioned for inorganic growth

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 20% above FY10
- ✓ Premium gasoline sales up over 16%, as the share of total gasoline sales increased to 23%. Premium diesel sales up 85% from FY10 as the share of retail diesel increased to 48% of a growing retail diesel market
- ✓ Jet fuel volume growth of nearly 7% above FY10.
- ✓ Commercial diesel volume growth of over 12% above FY10.
- ✓ Lubricants volumes grew by nearly 14% above FY10
- ✓ Non-fuel income up by 9% despite flat weekly shop sales due to soft economic conditions, impact of flooding, and site upgrade program
- ✓ Card income up due to higher fuel sales

STRATEGY UPDATE

INFRASTRUCTURE DEVELOPMENTS ON TRACK



What we are targeting

- ✓ Infrastructure growth projects to support Marketing growth
 - ✓ Queensland
 - ✓ Western Australia
 - ✓ South Australia

- ✓ Jet fuel pipeline upgrade

Progress to date

- ✓ Mackay and Gladstone expansions completed
- ✓ Port Hedland terminal expansion completed on time and on budget
 - ✓ Tanks in operation
- ✓ Adelaide terminal expansion announced
 - ✓ Completion expected 2013
 - ✓ 85 ML of fuel storage capacity covering all petrol grades and diesel and biodiesel.
 - ✓ ACCC clearance obtained
 - ✓ Current capacity constraints will be relieved
- ✓ Port Botany Bitumen Import terminal announced
 - ✓ Completion expected 2012
- ✓ Additional investments made to comply with ethanol and biodiesel mandates
- ✓ Sydney jet fuel supply upgrade
 - ✓ Construction 50% complete
 - ✓ Investment of approximately \$25 M
 - ✓ Completion expected in late 2012

STRATEGY UPDATE

CASH OPEX INCREASE HELD TO BELOW CPI FOR SECOND YEAR



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 complete
 - ✓ Savings and continued reliability improvement expected to gain momentum in 2012
- ✓ Lytton Operator EBA agreed
 - ✓ Manning level reductions in progress
- ✓ CLOR closure completed
 - ✓ Identified benefits flow to the Fuels refinery from 2012
- ✓ Ratio of High Value Products to total production increasing
- ✓ FCCU and PDU closure avoids future capital
- ✓ Underlying cost increase held below CPI

STRATEGY UPDATE

REFINERY REVIEW



- Caltex's relatively small refineries, in their current configuration, are disadvantaged compared to the modern, larger scale and more efficient refineries in the Asia region
- Considering options from investing to improve performance, to closing if we are able to import product at a competitive price
- Continuation of the status quo is not sustainable
- Outcome of the review will be known in approximately 6 months
- The detailed review is assessing issues such as:
 - Supply alternatives for our Marketing and Distribution business;
 - The risk associated with each strategic option; and
 - The impact of possible decisions on a broad range of stakeholders
- Overarching objective is to deliver the best return to shareholders

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FINANCIAL HIGHLIGHTS



<u>Historic Cost</u>	<u>Dec11</u>	<u>Dec10</u>	<u>% Change</u>
<u>Including significant items:</u>			
EBIT (\$M)	(954)	499	(291)
NPAT (\$M)	(714)	317	(325)
EPS (cps)	(264)	117	(325)
<u>Replacement Cost</u>			
<u>Excluding significant items:</u>			
EBIT (\$M)	442	500	(12)
NPAT (\$M)	264	318	(17)
EPS (cps)	98	118	(17)
Dividend (cps)	45	60	(25)
<u>Including significant items:*</u>			
EBIT (\$M)	(1152)	477	(342)
NPAT (\$M)	(852)	302	(382)
Debt (\$M)	617	544	13
Gearing (%)	22	15	47
Gearing (Lease Adjusted %)	33	21	57

*Note: This slide includes non-IFRS , unaudited measures , that can be derived from the financial statements.

RECONCILIATION TO UNDERLYING PROFIT METRIC



Item	\$M
	(After tax)
HCOP NPAT (including significant items)	(714)
Less significant items	1116
Less Inventory gain	<u>(138)</u>
 RCOP NPAT (excluding significant items)	 <u>264</u>

SIGNIFICANT ITEMS



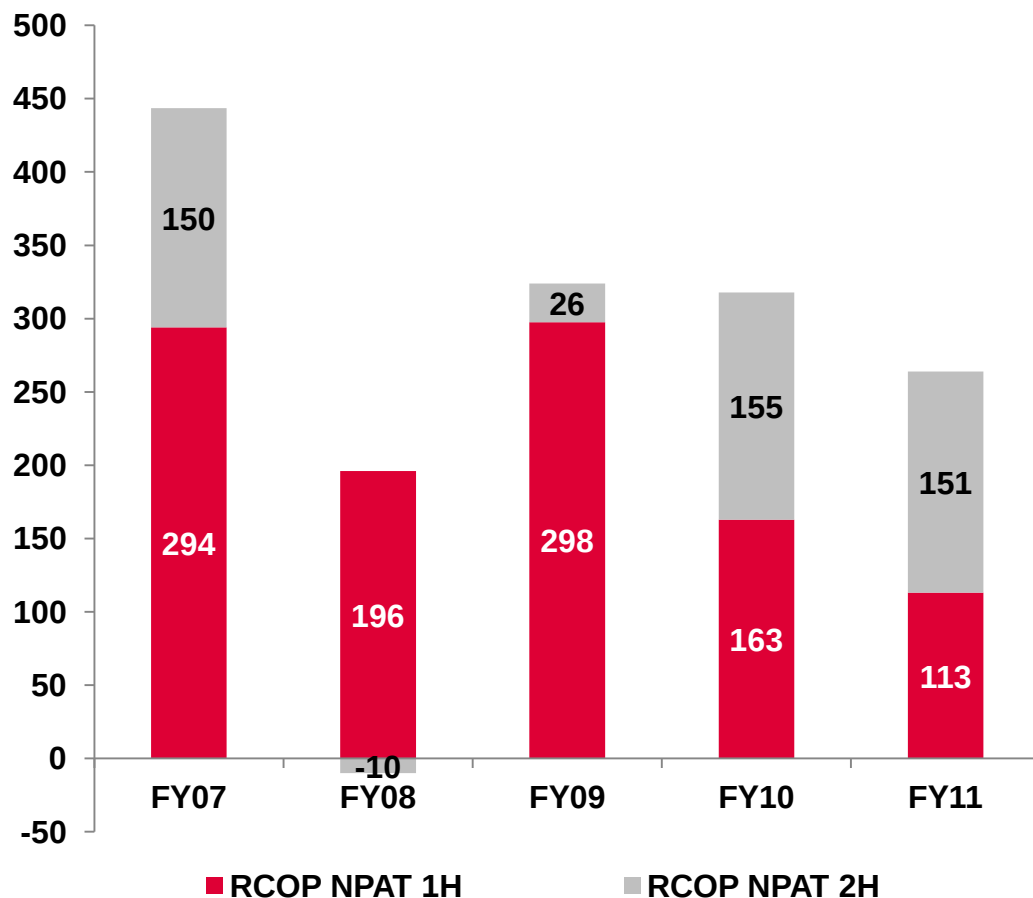
Significant Item	\$M (before tax)
Impairment and redundancies for #1 FCCU	54
Impairment and redundancies for PDU	14
Demolition of #1FCCU and PDU	10
Redundancies associated with outsourcing of in house maintenance and other consulting costs, (net of reversal of prior year impairments)	16
Additional Impairment of refinery assets	<u>1500</u>
TOTAL (before tax)	<u>1594</u>
TOTAL (after tax)	<u>1116</u>

FINANCIAL HIGHLIGHTS



RECORD MARKETING RESULT OFFSET BY REFINING LOSSES

Caltex NPAT* (\$M)



- Strong Marketing performance underpins FY11 result
- Second best 2H result since 2006
- Lower USD Refiner Margin impacted by wide light-heavy spread and high crude cost
- Result negatively impacted by USD/AUD exchange rate
- Incidents in first half impacted production at both Lytton and Kurnell

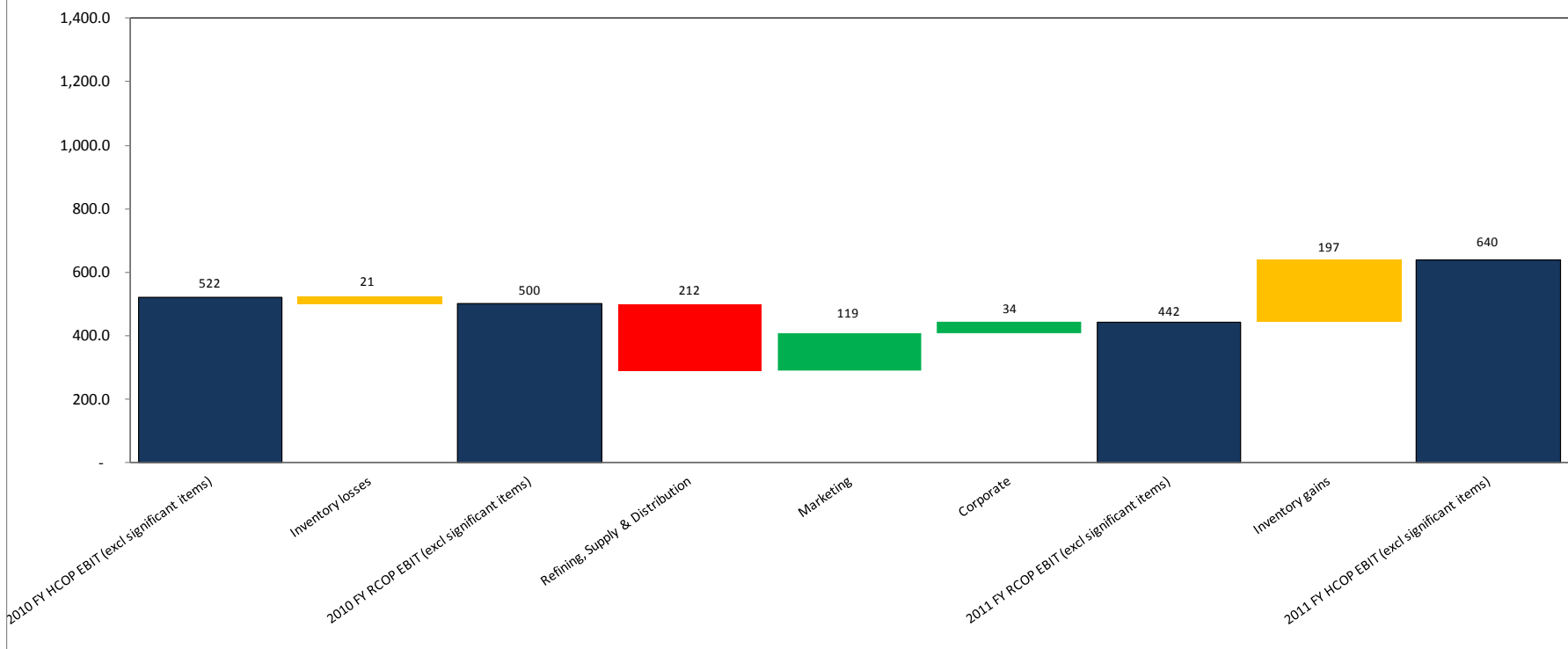
*RCOP Net profit after tax, excluding significant items

FINANCIAL HIGHLIGHTS

CRUDE PRICE INCREASE DRIVES HISTORICAL COST RESULT



FY10 v FY11 HCOP EBIT (excluding significant items)*



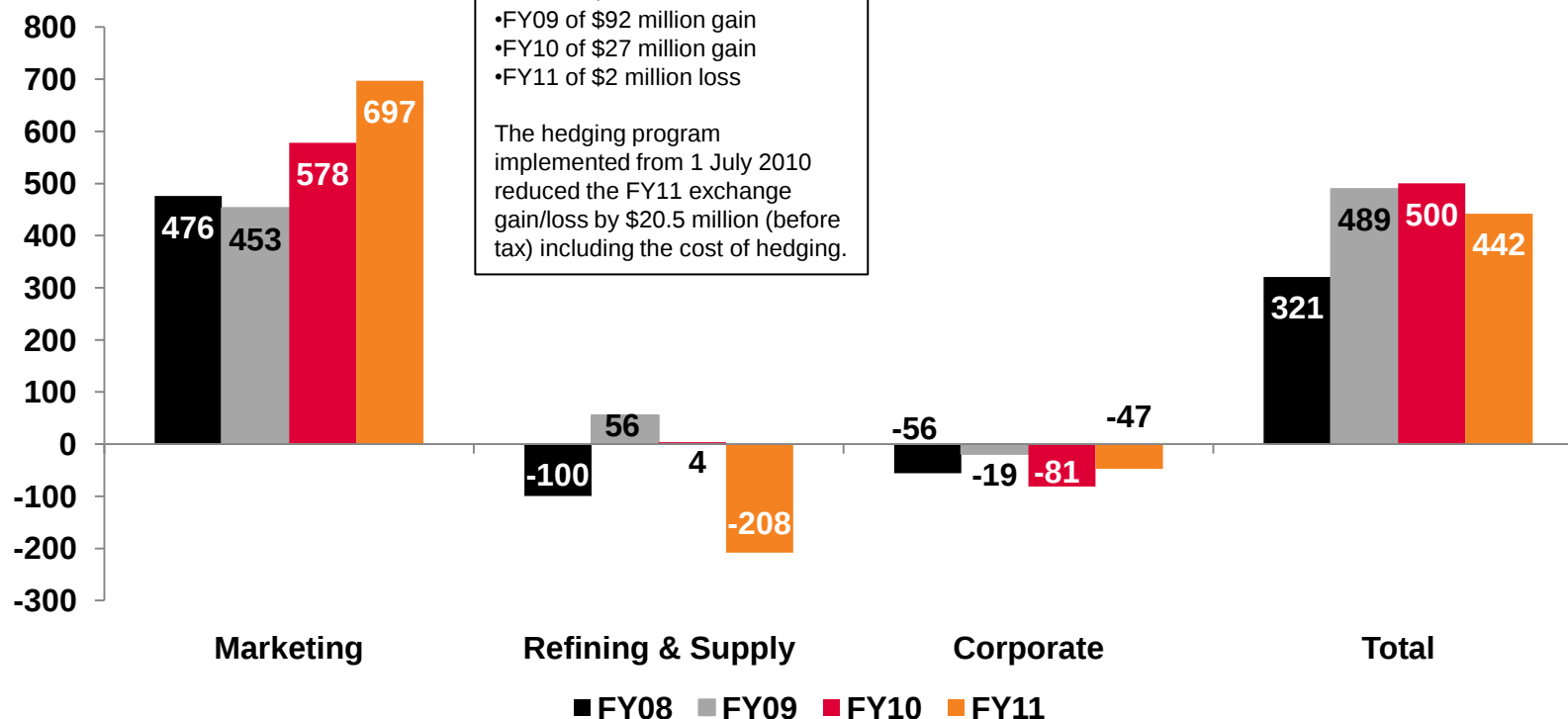
*Note: This slide contains non-IFRS, unaudited measures, that can be derived from the financial statements.

FINANCIAL HIGHLIGHTS

SEGMENTED[#] REPORTING



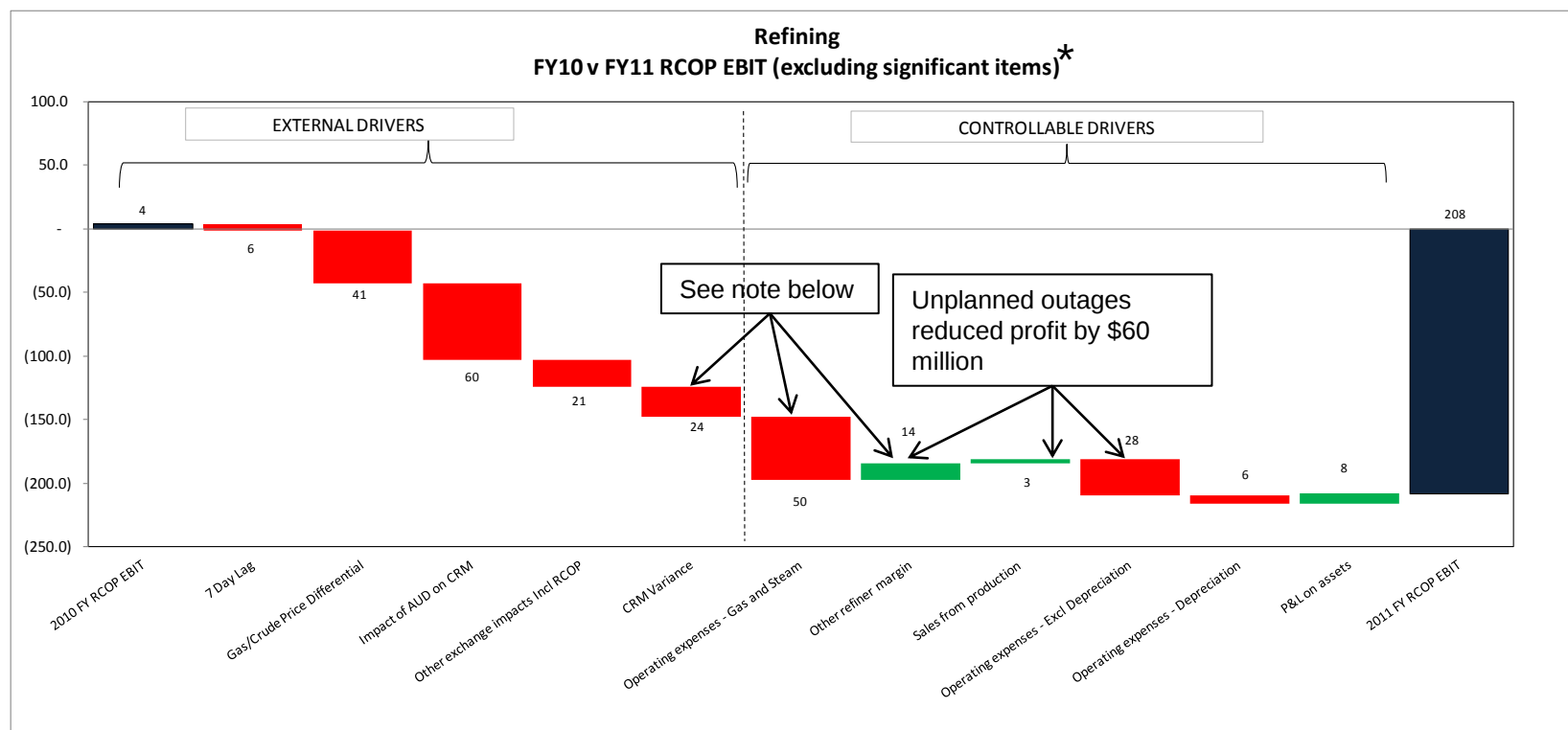
RCOP EBIT* (\$M)



*RCOP EBIT, excluding significant items

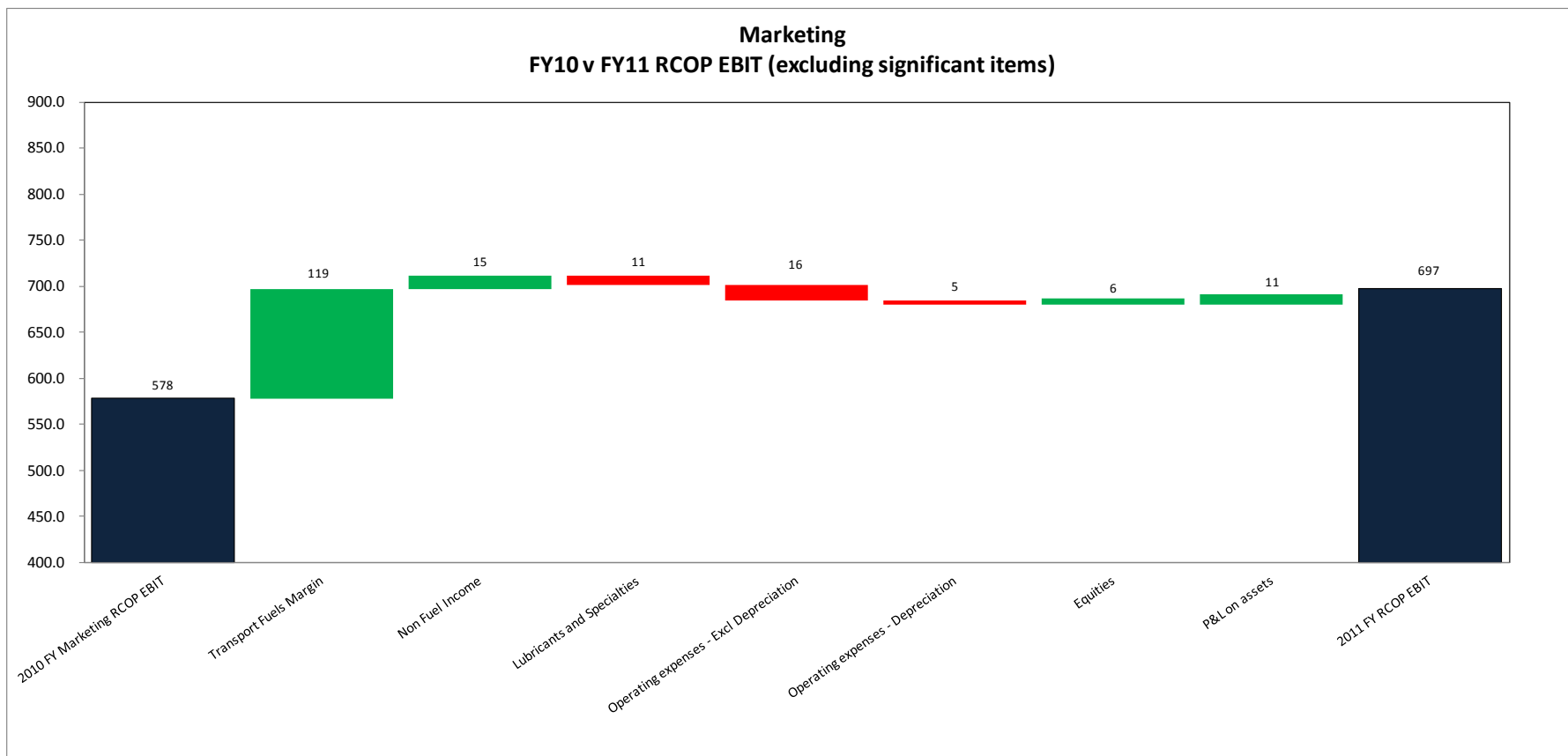
[#]Segment results are based on a transfer price between Refining & Supply and Marketing determined by reference to relevant import parity prices for petrol, diesel and jet, and other products including specialties and lubricants. Such import parity prices are referenced to benchmarks quoted in Singapore, and may not fully reflect all costs incurred in importing product of the appropriate quality for sale in Australia.

LOWER REFINING AND SUPPLY RESULT DUE TO DETERIORATING EXTERNALITIES AND UNPLANNED OUTAGES



Note: The cost of purchasing natural gas and steam is more than offset by the net positive impact on yield (increase in CRM) and other refiner margin. Burning own use gas would have reduced CRM by approximately US\$1.20/bbl. See Slide 29 for CRM breakdown.

TRANSPORT FUELS SALES SUPPORT EARNINGS GROWTH

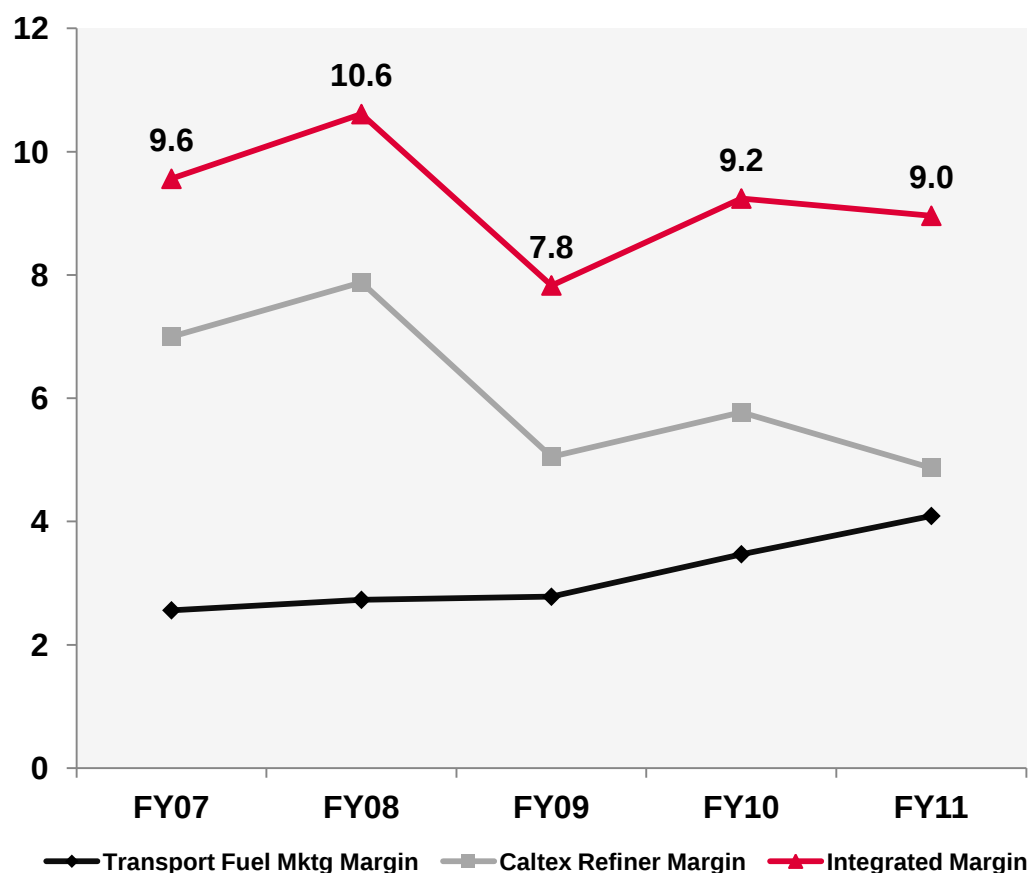


FINANCIAL HIGHLIGHTS



REFINER MARGIN REDUCED BY HIGHER DOLLAR

Caltex Integrated Gross Transport Fuels Margin* (Acpl)



- Transport fuels margin enhanced as product mix changes
- Continuing strength of AUD reduces the translated refiner margin

*Gross transport fuels margin, before expenses. Note that Transport fuels marketing margin applies to total transport fuel sales (15.7BL for FY11) whereas the Caltex Refiner Margin applies to sales from production (10.0BL for FY11).

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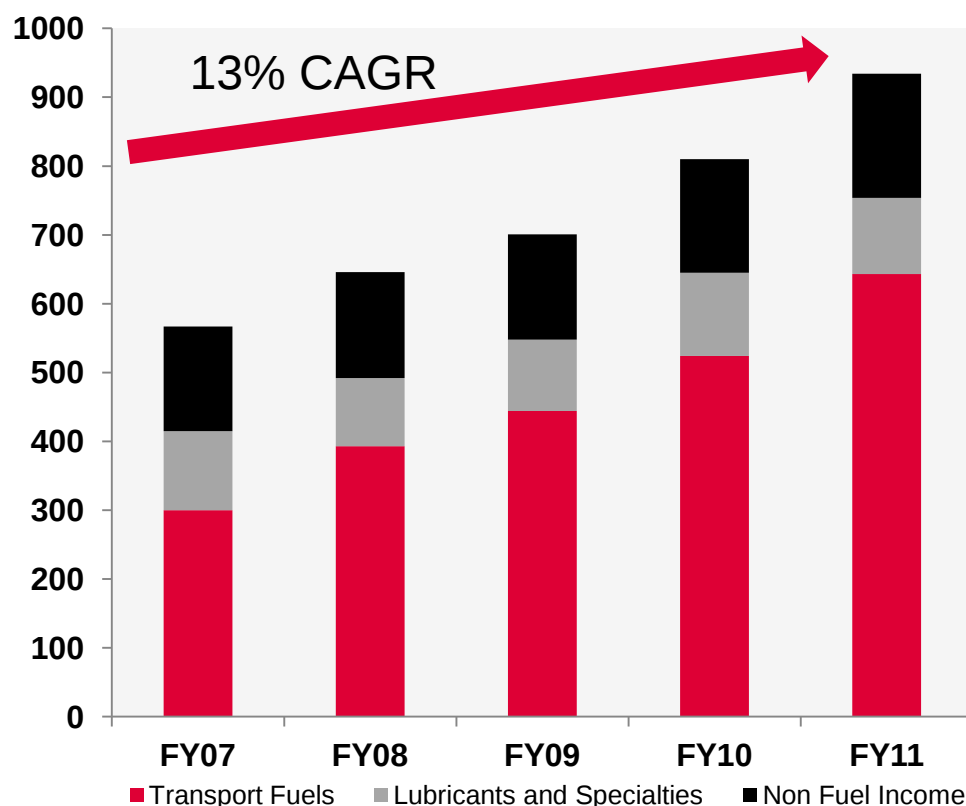


MARKETING HIGHLIGHTS



MARKETING RESULTS REFLECT STRATEGIC FOCUS

Marketing gross contribution (\$M)



STRONG GROWTH

- Transport fuels contribution up over 22% on prior year
- Strong Contribution from Lubricants offset by decline in sales of Specialty products (largely driven by decision to close CLOR)
- Non fuel income contribution up 9% even though the flat shop sales were affected by impact of flooding in early 2011, the level of site upgrade activity and tightening economic conditions generally

Note: Gross Contribution is earned margin before operating expenses

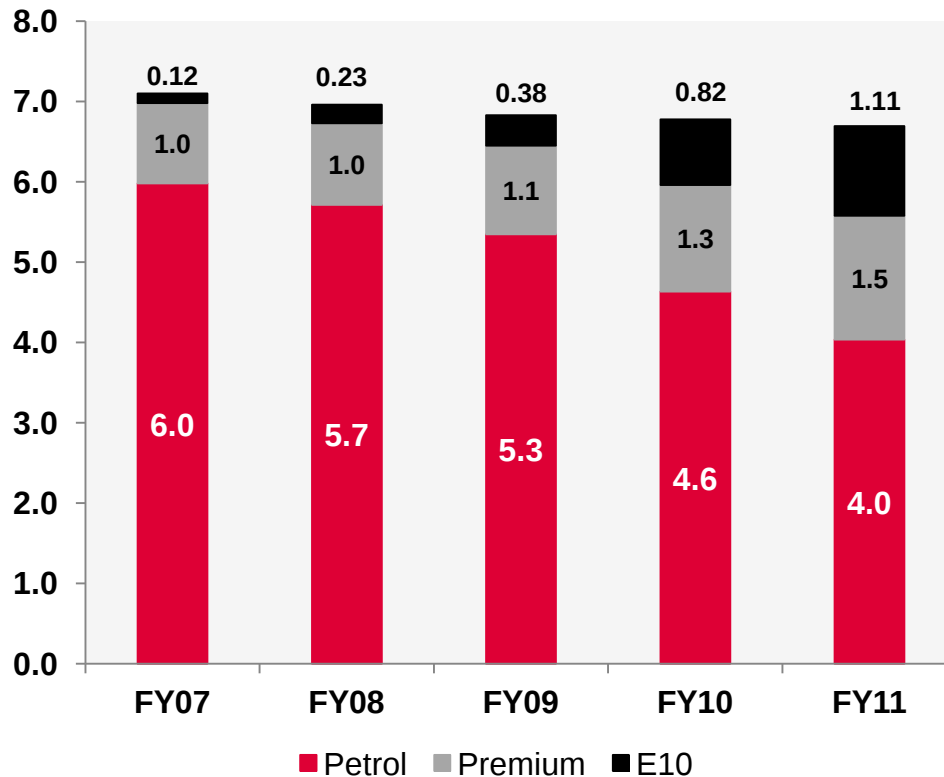
MARKETING HIGHLIGHTS

TRANSPORT FUEL SALES – PREMIUM FUELS GROWTH



CTX Petrol Sales

Billion
litres



- Total volume of petrol sales continued long term decline of 1% per year
- Premium fuel sales up 16% from FY10 and now represents 23% of total petrol sales
- E10 sales up 36% on FY10
- Margin enhancement through product mix

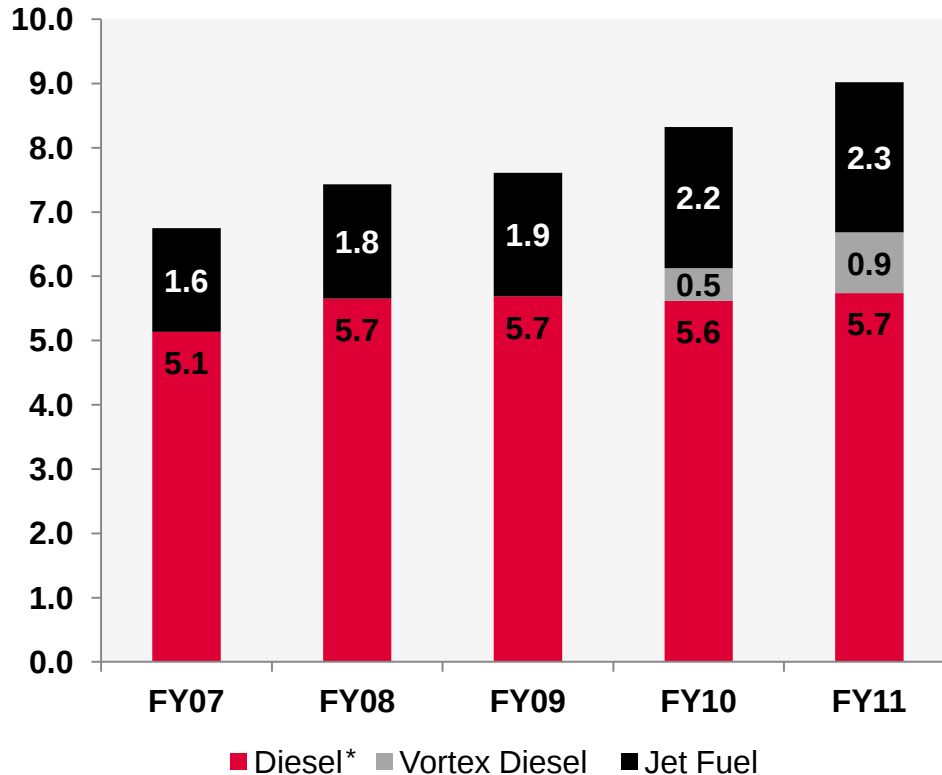
MARKETING HIGHLIGHTS

TRANSPORT FUEL SALES – GROWTH CONTINUES



CTX Diesel and Jet Fuel Sales

Billion
litres



- Total volume of diesel sales up 9% on FY10
- Retail Vortex diesel sales up 85% on FY10
- Jet fuel sales up 7% on FY10 and above market growth

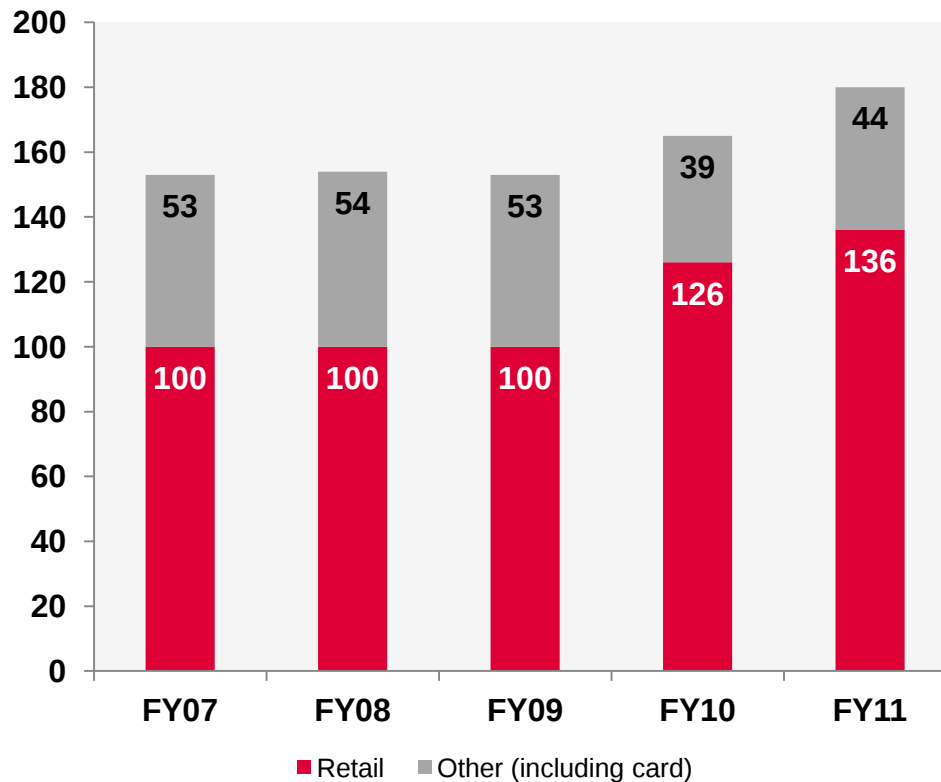
* Diesel volume includes retail non-Vortex

MARKETING HIGHLIGHTS

NON FUEL INCOME



CTX Non Fuel Income (\$M)



- Non fuel income contribution up 9% even though the flat shop sales were affected by impact of flooding in early 2011, the level of site upgrade activity and tightening economic conditions generally
- New franchise model delivers higher returns
- Card income up due to higher fuel sales

OTHER MARKETING DEVELOPMENTS

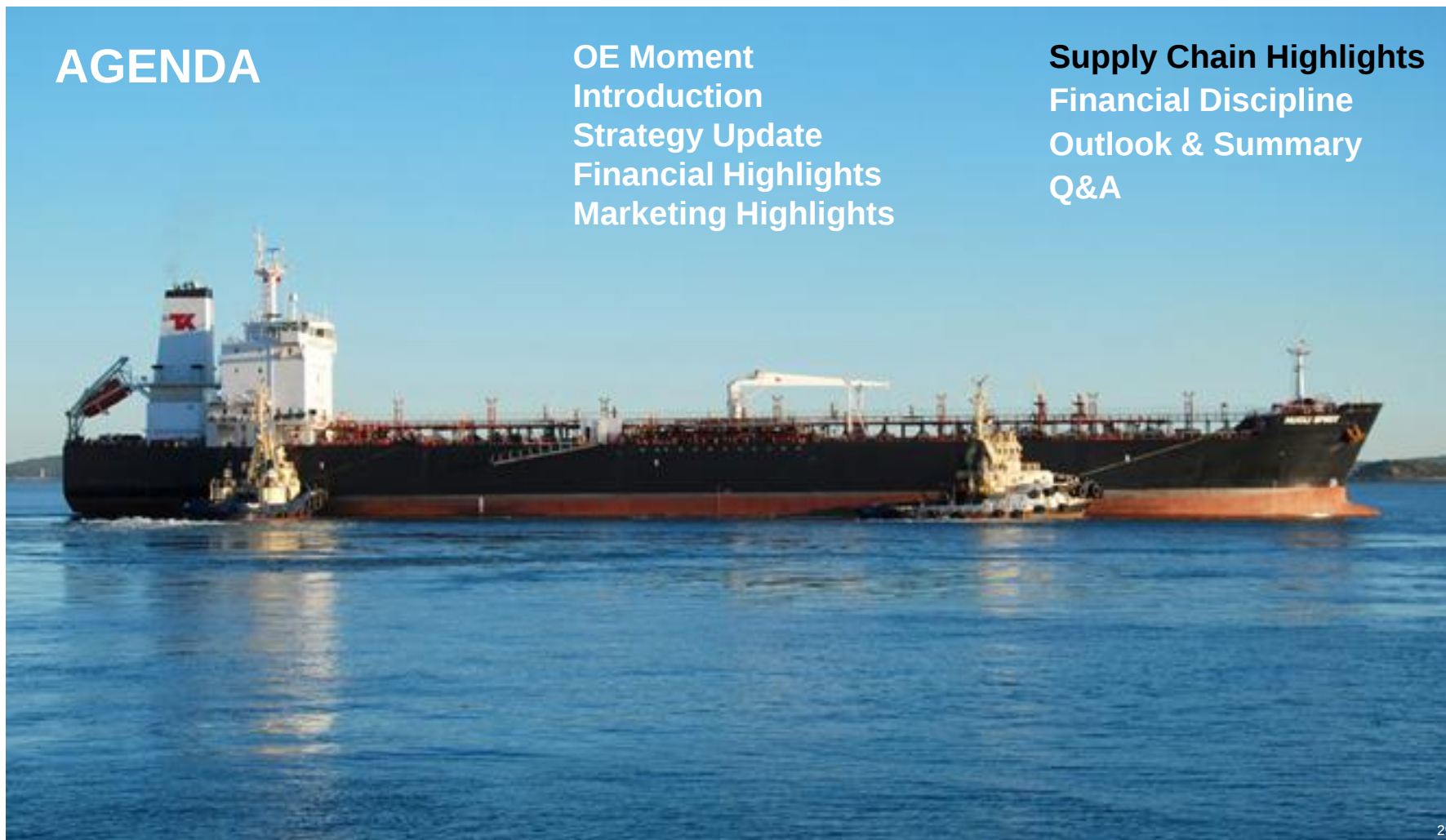


-
- Small acquisitions
 - Marine refuelling business
 - WA regional reseller
 - Network development
 - 7 new diesel stops
 - 10 New to Industry retail outlets
 - 12 retail site rebuilds
 - Increased focus on resource industry with dedicated team
 - Reputation as reliable supplier enhanced

AGENDA

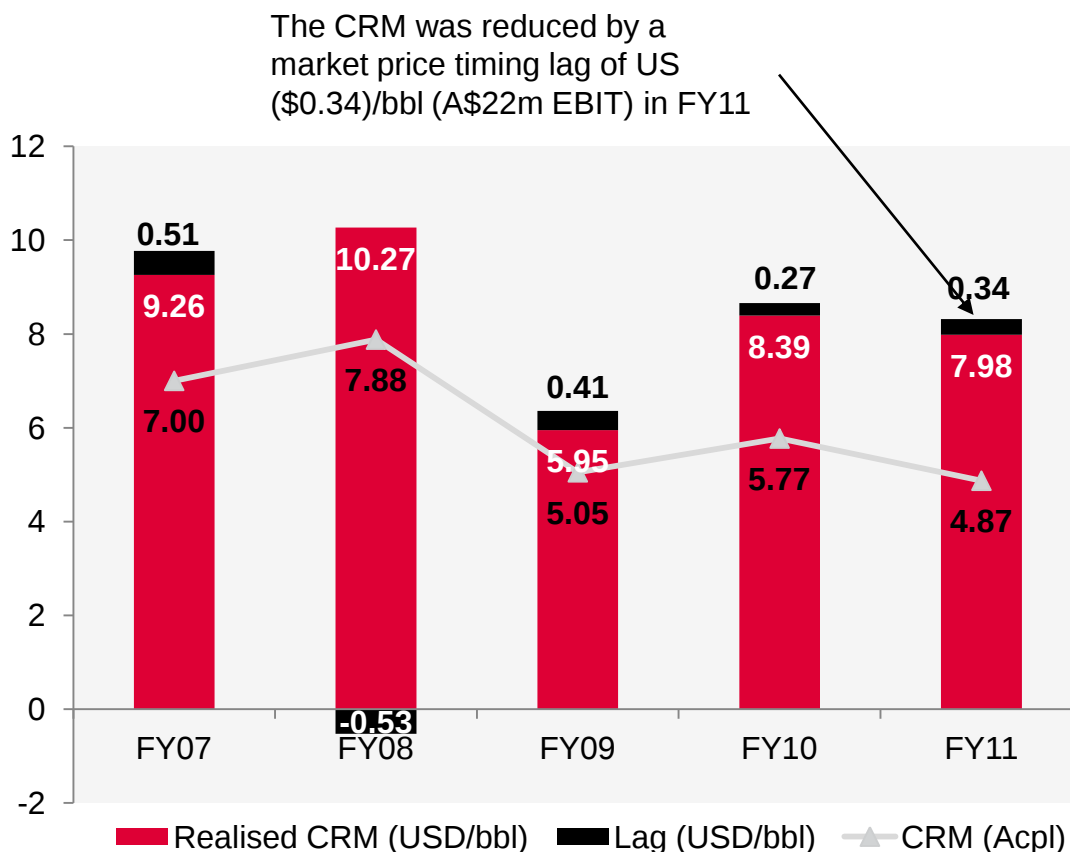
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SUPPLY CHAIN HIGHLIGHTS

CALTEX REFINER MARGIN



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

	FY11 basis	FY10 basis
Singapore WAM ^B	11.72	11.72
<i>Add:</i>		
Product freight	4.62	4.62
Crude discount ^B	0	0
Quality premium	1.89	1.89
<i>Less:</i>		
Crude freight	2.75	2.75
Crude premium ^B	3.13	3.13
Yield loss	4.03	5.33

^B Singapore WAM (unlagged) 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.

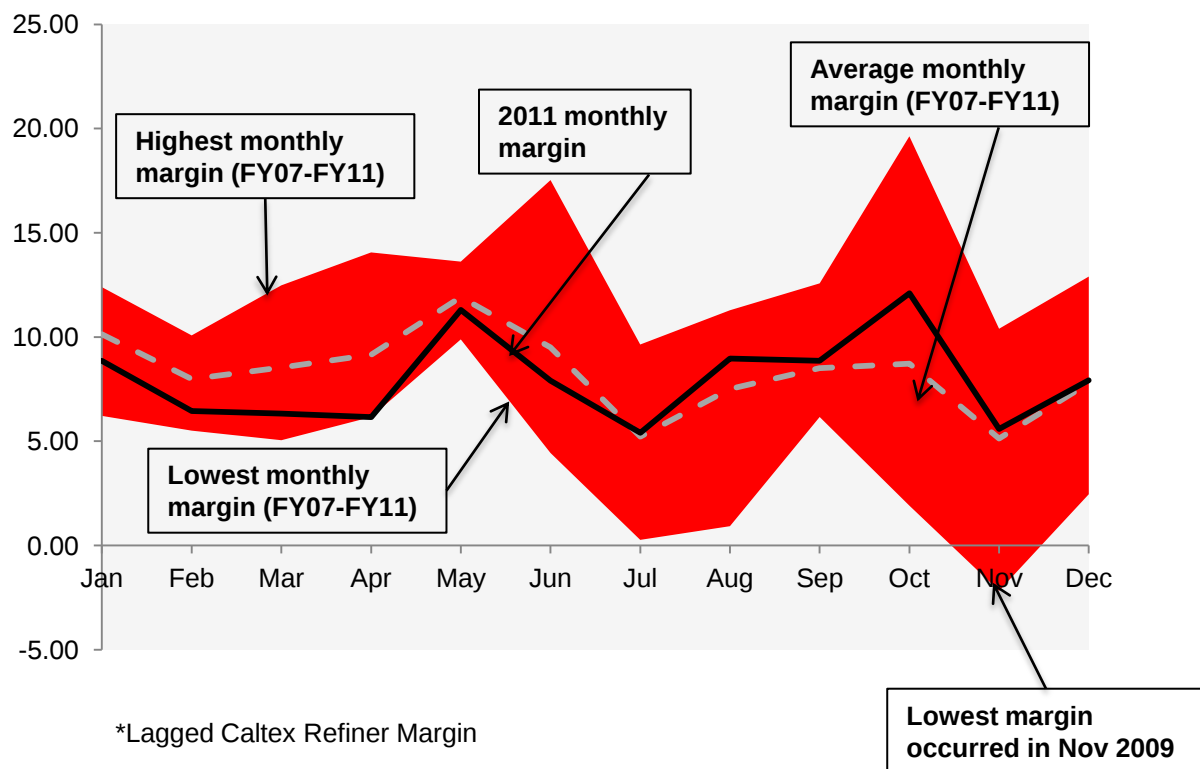
*The Caltex Refiner Margin (CRM) represents the difference between the cost of importing a standard Caltex basket of products to Eastern Australia and the cost of importing the crude oil required to make that product basket. The CRM calculation represents: average Singapore refiner margin + product quality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

SUPPLY CHAIN HIGHLIGHTS

REFINER MARGIN IMPACTED BY MARKET FACTORS



2007-2011 Caltex Refiner Margin* (US\$/bbl)



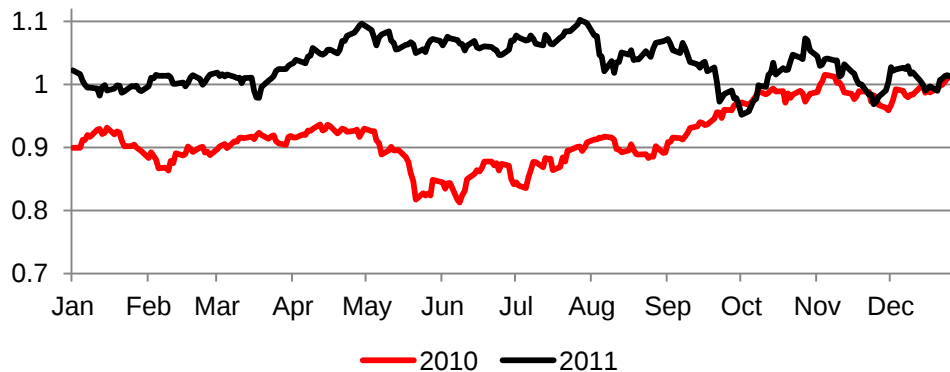
- Broadly in line with 5 year average margins, reduced by light heavy spread and high crude price. Some relief in Q4.
- Lag reduced refiner margins, particularly in 1H
- October margin boosted during Singapore refinery outage due to fire
- Stronger AUD reduced Australian dollar refiner margin

SUPPLY CHAIN HIGHLIGHTS



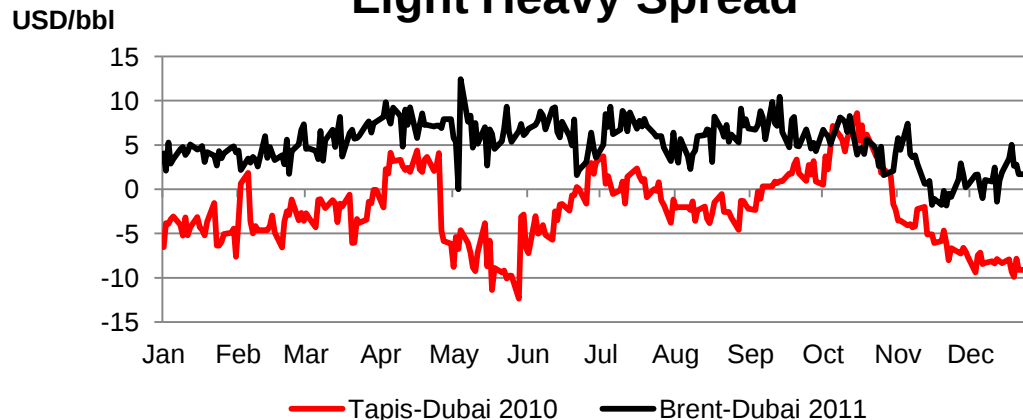
EXCHANGE RATES AND OIL PRICE SPREADS

AUD vs USD



- AUD was 12% stronger on average in FY11 than FY10, reducing the AUD refiner margin earnings
- Widening light heavy spread reduced refiner margins in first half, although narrowing towards end of year on expectations Libya returns to crude market

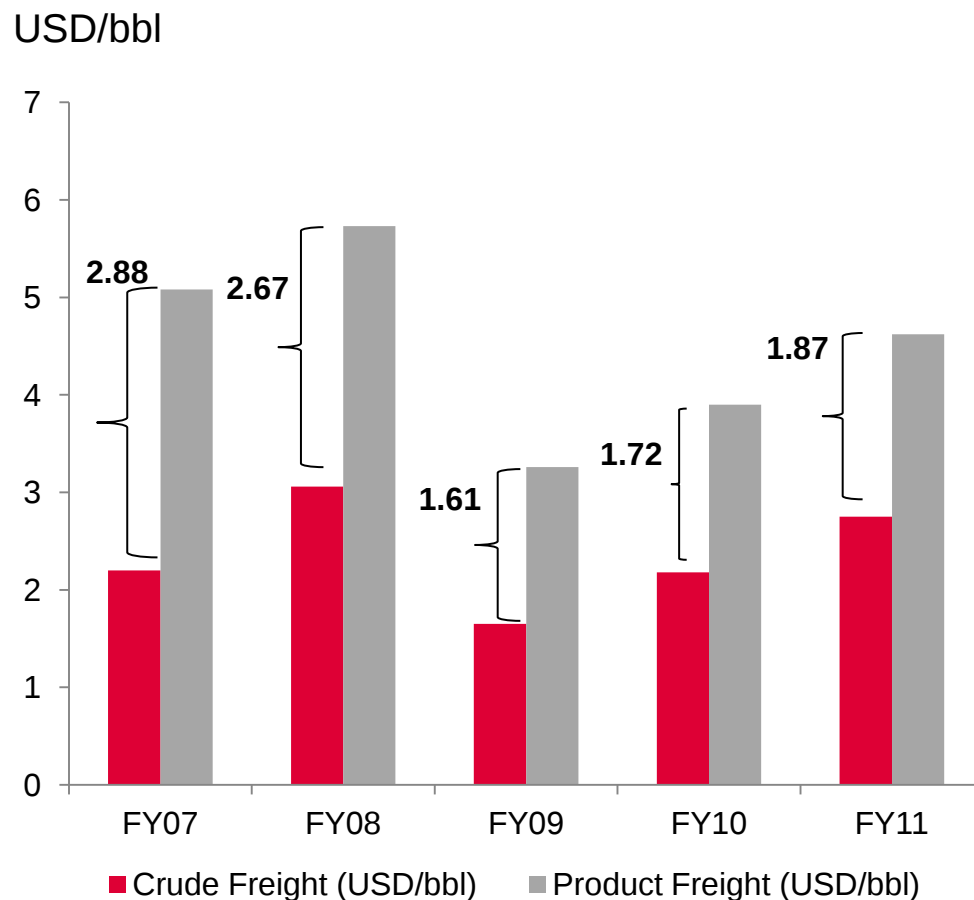
Light Heavy Spread



SUPPLY CHAIN HIGHLIGHTS



CRUDE AND PRODUCT FREIGHT RATES



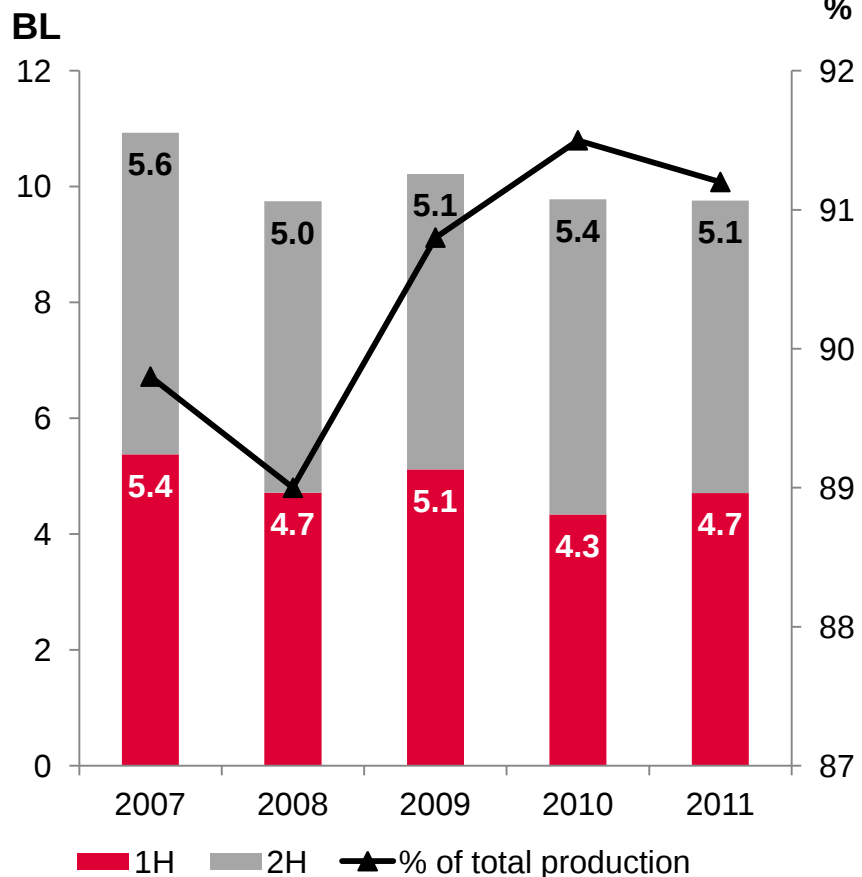
- Product freight rates continue to recover from cyclical lows as demand grows in the region
- Freight differential improving but crude freight rates are increasing as the proportion of West African crudes grows
- VLCC operations completed in Q1 and Q4

SUPPLY CHAIN HIGHLIGHTS

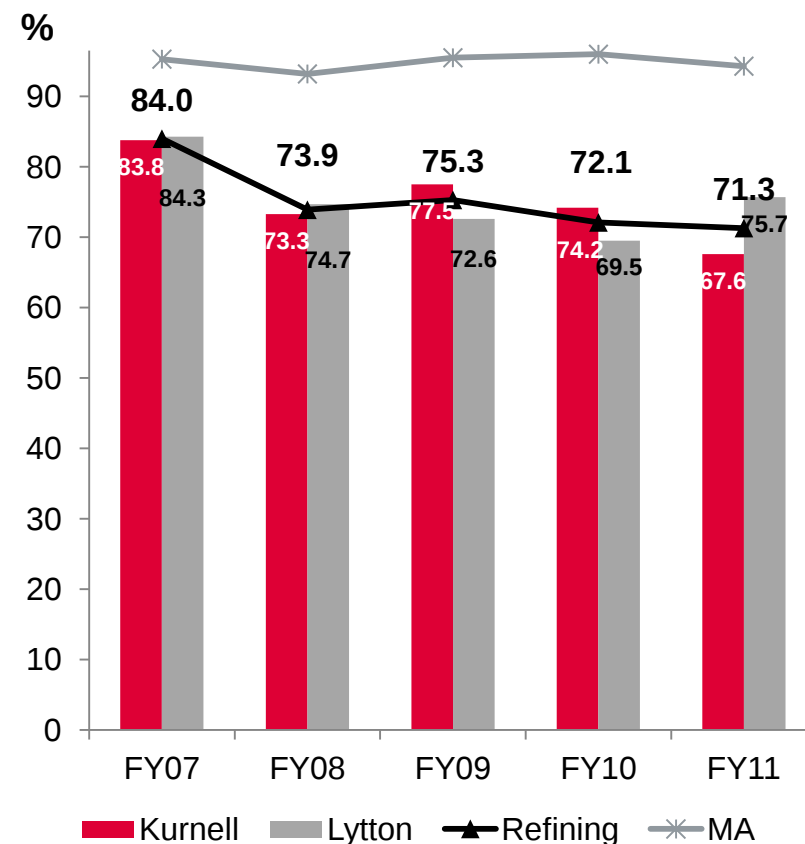


LOWER MAJOR PLANNED MAINTENANCE OFFSET BY UNPLANNED OUTAGES

Refinery transport fuel production (Billion Litres)



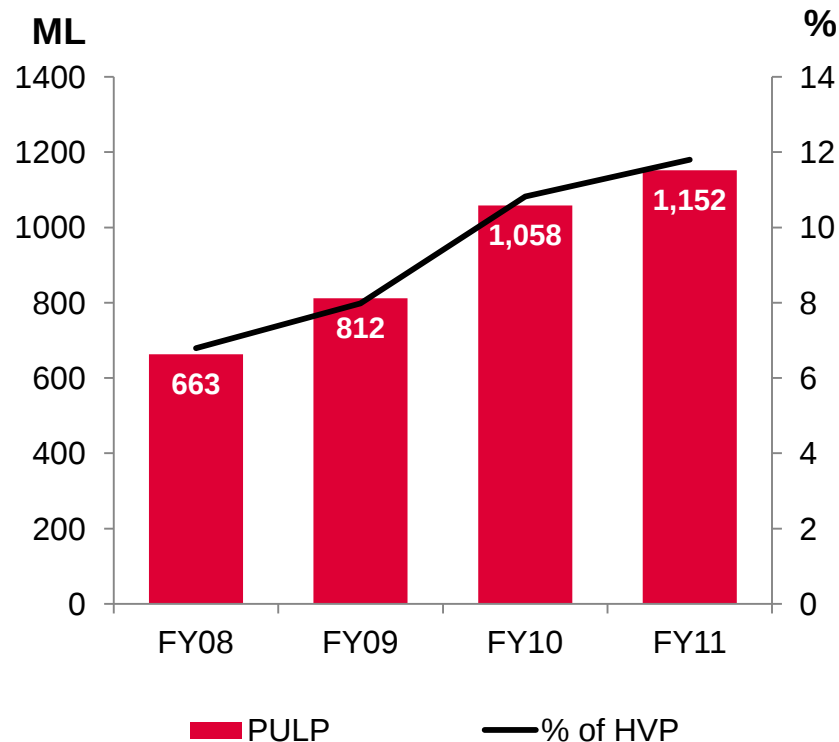
Refinery utilisation (%) and Availability (%)



ENHANCED PRODUCTION MIX



PRODUCTION OF HIGHER VALUE PRODUCTS INCREASES



- Premium petrol represents an increasing proportion of production

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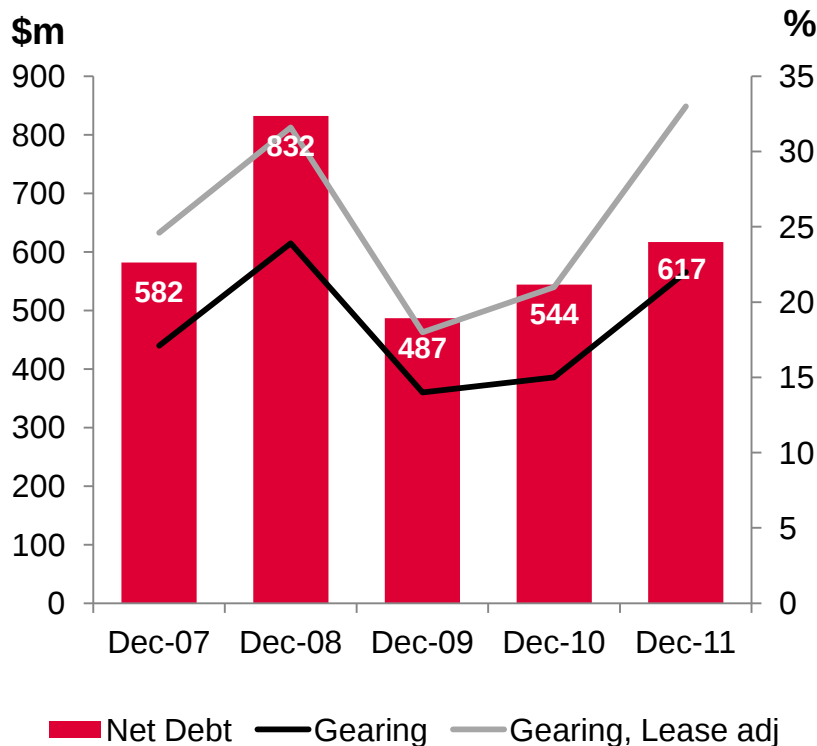


FINANCIAL DISCIPLINE

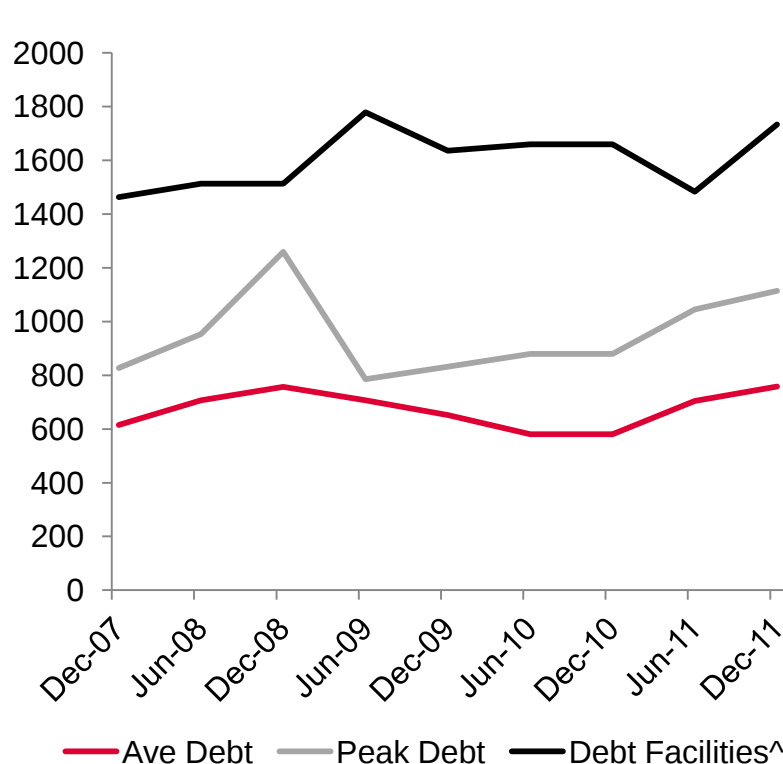


HIGHER CRUDE PRICES RAISE WORKING CAPITAL DEMANDS

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

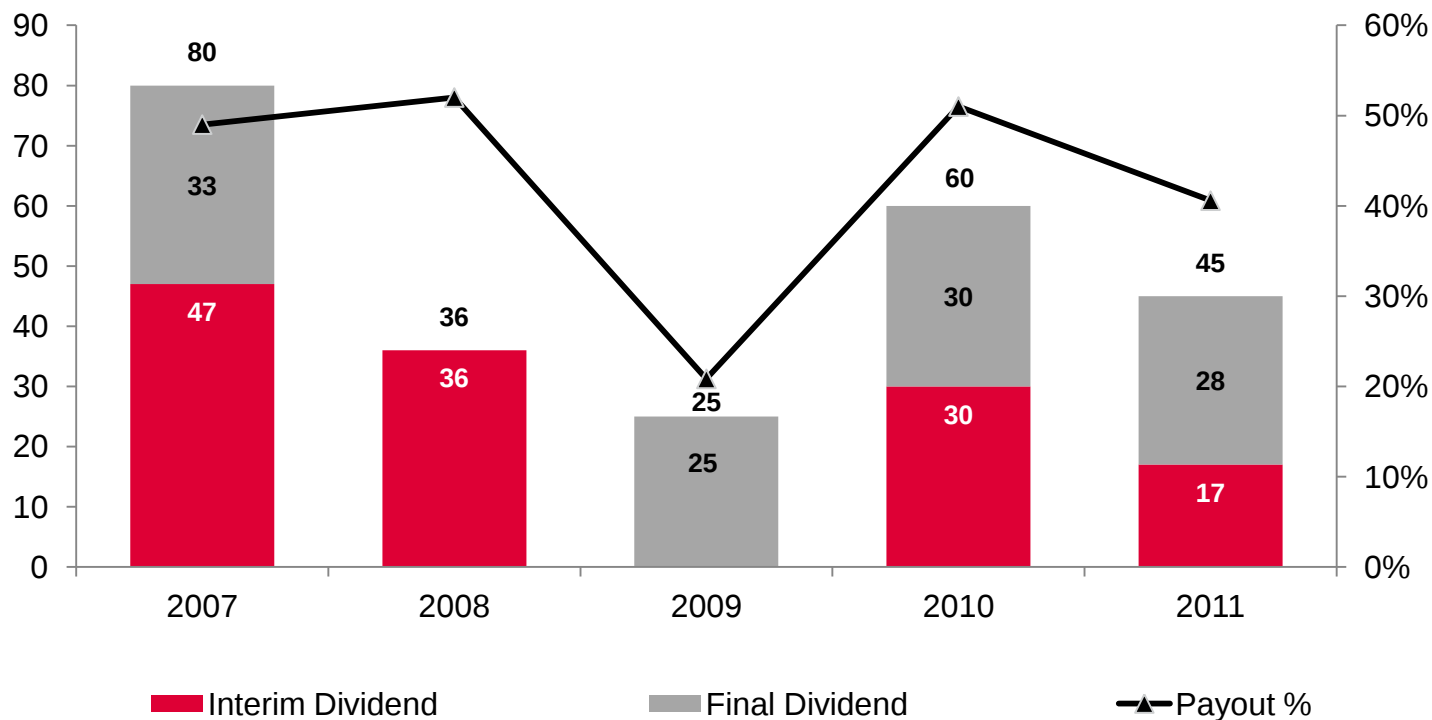
FINAL DIVIDEND OF 28 CENTS PER SHARE



Caltex dividend history^

Cents per share

Payout Ratio^^



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

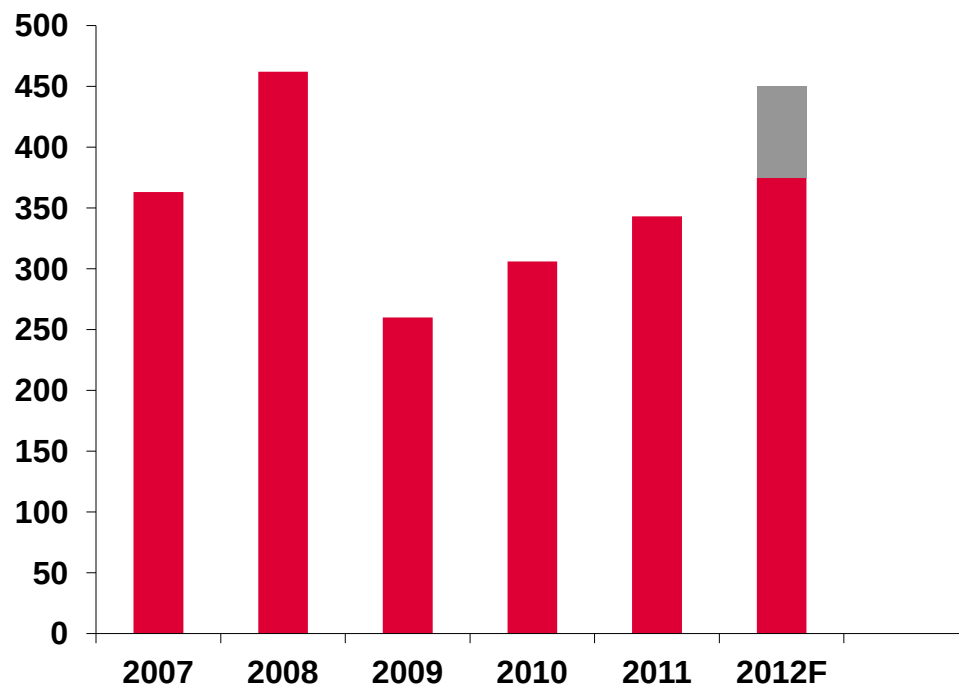
^^ Payout ratio of reported RCOP NPAT

CAPITAL EXPENDITURE

PLANNED CAPITAL DIRECTED TO GROWING MARKETING BUSINESS



Caltex Capex Spend (\$M)



Expected range of Capex spend ■

- 2011 spend of \$342M in line with previously announced range of \$300M - \$350M
- 2012 spend is forecast to be around \$375M - \$450M. Majority of increase directed to growth areas in Marketing
- Excludes major planned refinery maintenance expenditure and excludes impact of any decision in respect of the refinery review

AGENDA

OE Moment
Introduction
Strategy Update
Financial Highlights
Marketing Highlights

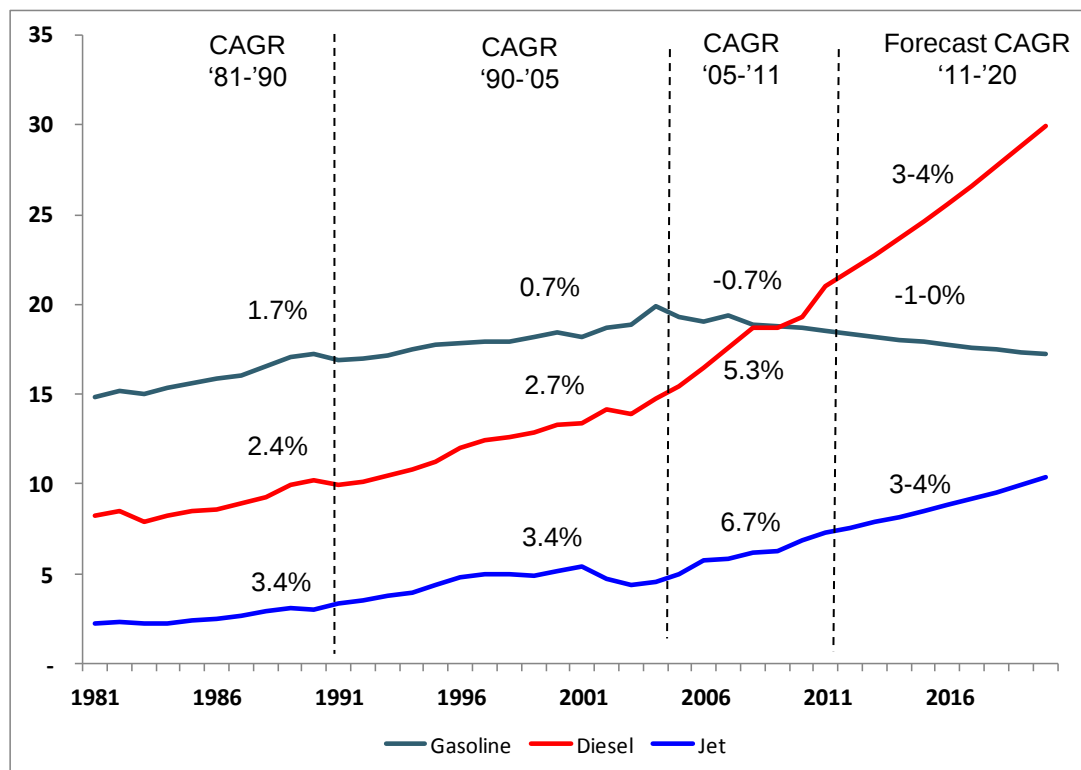
Supply Chain Highlights
Financial Discipline
Outlook & Summary
Q&A



A DECADE OF AUSTRALIAN DEMAND GROWTH FOR DIESEL AND JET EXPECTED



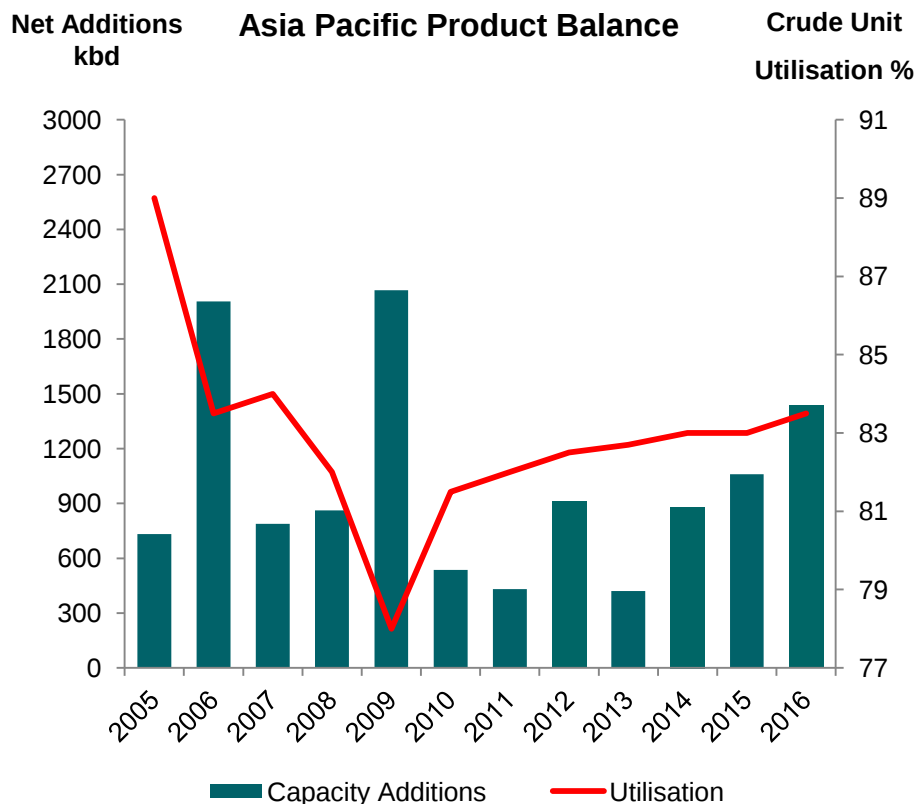
Billion Litres



- Longer-term demand outlook is favourable
- Diesel demand underpinned by GDP growth and leveraged to resources growth
- Steady jet fuel growth expected due to increasing passenger travel
- Gasoline remains a mature product, but more rapid demand for higher octane, premium gasoline is expected

Source: ABARE; DITR & CTX Analysis

REGIONAL REFINING CAPACITY ADDITIONS WILL PREVENT A SIGNIFICANT IMPROVEMENT IN UTILISATION



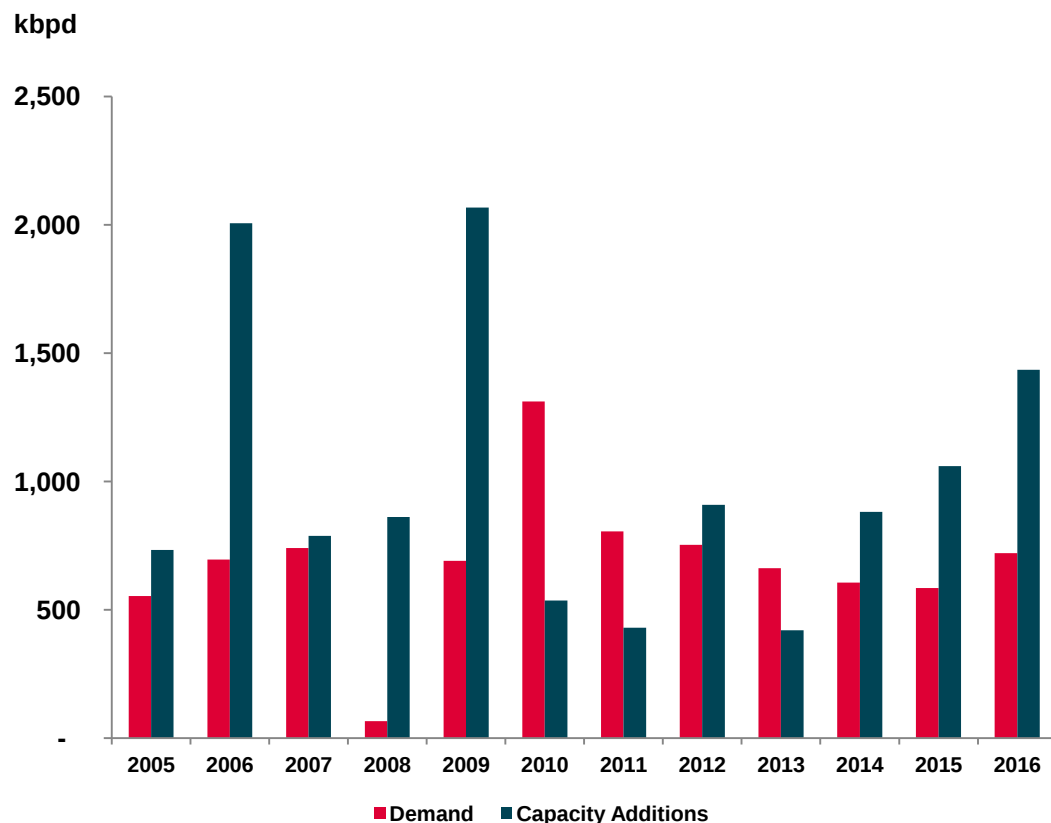
- Capacity additions in Asia-Pacific are expected to be significantly higher in 2012 compared to 2011, with a further wave of additions from 2014
- The latest FACTS forecast is for Asian product demand growth to be 2.7% in 2012, up from the previous forecast of 2.4%
- The longer term demand forecast out to 2020 remains similar at about 2.3% per annum
- The growth in regional capacity will keep refinery utilisation well below the peak of the mid-2000's, suggesting that refiner margins are unlikely to improve significantly

Source: FACTS Global Energy October 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



- Asia Pacific capacity additions are projected to be approximately in line with regional product demand growth in 2012 and 2013
- After 2013, however, capacity additions are projected to significantly exceed demand growth, with most of the capacity growth occurring in China
- Although there is a possibility of delays in timing of projects, the operating environment for refining is expected to be challenging over the medium term

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

AGENDA

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Q&A



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 12 month period ended 31 December 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 2012 and future years, as at 27 February 2012.

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 FULL YEAR
RESULTS
ANNOUNCEMENT**





CALTEX AUSTRALIA LIMITED

ACN 004 201 307

2012 FULL YEAR RESULTS ANNOUNCEMENT – SPEAKER NOTES 27 FEBRUARY 2012

{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 full 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 full 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 continually strive for incident free operations across all areas of our business.

{Slide 3 – Safety Performance}

For this presentation, I would like to reflect on our safety performance for the full year 2011. As you can see from this graph, Caltex has been on a journey to significantly improve its safety performance. While we saw our Lost Time Injury Frequency Rate fall below 1.00 per million man hours, we recently experienced a most serious accident where a contractor was involved in an incident that required his leg to be amputated. This was very sobering for all of us at Caltex. This tragedy brings home to us all how easily, in a moment, lives can change forever. We must be eternally vigilant and uncompromising in our approach to safe and reliable operations in all areas of our business.

{Slide 4 – Contents - Introduction}

Now I will turn to the discussion of our financial results.

{Slide 5 – Full year 2011 results summary}

Caltex delivered on a Replacement Cost Operating Profit basis a Net Profit After Tax of \$264 million for the full year of 2011, excluding significant items. This is our underlying profit metric as you know. On a Historic Cost basis, the statutory profit metric, the result was a \$714 million loss including significant items. This historic cost result was impacted by the \$1.5 billion impairment charge associated with the write down of our refinery assets which we announced on 16 February.

As I said at that time, despite the progress being made on our ongoing refinery improvement initiative, our refineries are small and in their current configuration are disadvantaged against modern, larger scale, more efficient refineries in the Asia region.

This, combined with the ongoing strength of the Australian dollar, the lower Caltex Refiner Margin and increasing costs on the 'as-is' refining business, led to the write down of our refining assets as part of our year end accounts process.

Our Marketing business maintained its outstanding performance as it continued to deliver strong results in the full year 2011 with EBIT up more than 20% compared to a year ago. However, this was offset by significant losses in Refining and, disappointingly, our overall RCOP NPAT result was down from last year.

Cash opex has been well controlled, while our balance sheet remains strong with our BBB+ stable credit rating reaffirmed after the write down. This stands as testimony to the importance of the conservative approach to the management of the company's capital structure, particularly given the volatility of our refining earnings.

The Marketing 2011 EBIT represented yet another record result driven by multiple factors including growth in margin and volume in all transport fuels and lubricants, as well as growth in non fuel income. This impressive growth in EBIT has been underpinned by continuing investment in our supply chain, including retail upgrades, terminal upgrades and new-to-industry developments.

2011 was a tough year for Refining. Deteriorating externalities and unplanned outages drove the underlying loss. The poorer externalities included the civil war in Libya and the Japanese tsunami which raised absolute Brent crude prices and widened the light heavy spread to levels well above historical averages. In addition, extreme weather events caused Lytton to shutdown in January and closed the crude berth in Kurnell later in the first half. Refining responded well to these events and pleasingly cash opex increases were held below CPI for a second year in a row.

Focus remains on the Refining Improvement Initiative, but the benefits captured during the year unfortunately were more than offset by the impact of the unplanned outages.

{Slide 6 – 2012 Outlook}

The Marketing outlook remains positive, with capital being made available to support its strong growth trajectory. However, the same factors that are contributing to volume growth in our Marketing business are also supporting the on-going strength of the Australian dollar, and that will continue to pressure Refining's earnings.

As we advised last week, the refinery review is in progress and continues to evaluate all options from investment to closure or some combination of these. The decision is approximately 6 months away as the options continue to be investigated. I will talk more about this shortly.

I want to stress that the overarching objective of the refinery review is to optimise value for shareholders.

{Slide 7 – Contents – Strategy Update}

Turning now to our strategy update....

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

It is now two years since I first discussed with you the core pillars of our strategy. These are Culture, the Cost and Efficiency program under the banner of Catalyst, and growth.

Our journey on embedding the new culture is now showing evidence of improvements in organisational dynamics. Our recent pulse survey told us that our employees have recognised change for the better, and that they understand and buy into the Caltex values that, as you know, they helped to create. They tell us there has been discernible progress in the "Move" value with many projects we have talked about for years, now in progress or completed, such as the Port Hedland terminal. We continue to build a results driven organisation through our Win value. These values are complemented by our values of Serve, Own and Trailblaze. I am pleased to say that the value of Care has long been a core strength of Caltex and remains a fundamental part of our culture.

Our Catalyst program has now become part of the way we do business as we focus on our value of Own in all that we do. Some specific initiatives are still individually tracked, such as the Refining Improvement initiative and the procurement activities which have delivered savings to the bottom line and in our capital investment program. A key element of our emphasis on cost and efficiency is our refinery review. We hope to be able to announce our decision in approximately 6 months' time.

Organic growth in earnings from our Marketing business in the areas of premium fuels, diesel, jet, finished lubricants and convenience store income continue as planned. The success of this strategy is evident as Marketing continues to deliver double digit compound annual growth rates in its gross margin and EBIT 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, and in Port Hedland which came on line late last year as planned. We have also created a resource based growth team dedicated to finding and securing growth opportunities to service the ever growing resource industry. This team has a charter that includes identifying inorganic opportunities and we have already made two small acquisitions in the last three months.

{Slide 9 – Strategy Update – Organic Growth in Marketing Continues}

Two years ago we set our Marketing business a target to grow its EBIT at a compound annual growth rate of at least 5% based on its historical growth trajectory. They continue to outperform this target with a 20% increase in EBIT compared to full year 2010, and a compound annual growth rate in excess of 13% since 2007.

This EBIT improvement has been largely achieved via a wide portfolio of initiatives and individual product strategies. For example, retail premium gasoline sales were up 16% to now represent 23% of the total gasoline sales pool, while premium diesel sales increased from 44% to 48% of total retail diesel, and were up 85% on full year 2010 volumes, although from a relatively low base.

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

Commercial diesel sales volumes have grown by over 12% on the full year 2010 volumes.

Our finished lubricants team have performed strongly again, with volumes nearly 14% above the full year 2010.

The re-structure of 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 the soft economic conditions, the impact of flooding on many stores and our site upgrade program. Earnings from our Starcard have contributed to the rise in non fuel income as higher fuel sales drive improved merchant fees earnings. Caltex remains the number one convenience store operator as measured by Nielsen.

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

2011 saw a continuation of our emphasis on investment in our infrastructure. Two additional diesel tanks in Mackay and Gladstone were completed early in

the year. In addition, construction of the two new large diesel tanks in Port Hedland was completed on time and budget, and I am pleased to say that the tanks are now in operation.

We announced our plans to boost supply reliability in South Australia via an agreement with Terminals Pty Ltd to construct a new terminal that will 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.

As our lubricating refinery has now closed and we have announced the closure of the Propane De-asphalting Unit at Kurnell by end 2012, we announced that we were entering into another agreement with Terminals Pty Ltd for access to a purpose built Bitumen import facility at Port Botany. This is expected to be completed by the end of this year, and will enable us to maintain reliable supply of bitumen to New South Wales.

The Sydney jet fuel pipeline expansion project is progressing well with construction approximately 50% complete. The investment of \$25 million is expected to be complete by the end of this year. Importantly this project will ensure that the pipeline can provide adequate capacity for the growing jet fuel demand at Sydney airport.

In addition, we continue to make small investments in our infrastructure to ensure our ability to comply with ethanol and biodiesel mandates.

{Slide 11 – Strategy Update – Cash Opex Increase Held to Below CPI for Second Year}

While we have been making good progress on the Refining Improvement Initiative, unplanned outages at both refineries in the first half of the year, more than offset the benefits achieved. We have completed the transition of contract labour and the majority of Caltex in house maintenance to the Wood Group PSN. By capturing maintenance best practices, we expect to see an improvement in the reliability and availability of the refineries over time. This should reduce the incidence of unplanned outages as legacy issues are addressed and plant reliability is improved.

De-manning in accordance with the Lytton Operator Enterprise Bargaining Agreement continues to be implemented.

The closure of the lube refinery is now complete. We expect to see benefits flowing to the fuels refinery through this year as we no longer run the more difficult crudes used to supply the lube refinery and free up certain units for fuels production.

We have initiated a production improvement program at Kurnell which focuses on improving value derived. This program has delivered a significant increase in the ratio of high value products to total production, particularly premium high octane gasoline.

Our decision to close the Fluidised Catalytic Cracking Unit and Propane De-asphalting Unit at Kurnell, while not impacting EBIT, does avoid future replacement capital.

Pleasingly, though, despite the significant competition for labour and unplanned outages, net of the change to natural gas and steam, the refineries have held cash opex increases to below CPI for the second year running.

{Slide 12 – Strategy Update – Refinery Review}

At our half year results announcement in August last year, we told you we were undertaking a review into the role our refineries play in maintaining continuity of supply to our customers.

We expect the outcome of the review will be known in about six months. Caltex is determined to make the right decision in the best interests of our shareholders.

Let me assure you that we are undertaking a very detailed study, giving consideration to all the issues arising. While many believe that the announcement of the write down of our refinery assets approximately 10 days ago takes us one step closer to a closure decision, I want to assure you that we still have many options under consideration.

One thing is certain – the status quo is not sustainable. We must take action, and to that end we continue to thoroughly evaluate options that include investment to improve performance, or closure and conversion to an import terminal if we are able to secure an alternative product supply deal at a competitive price.

Let me now discuss some of the issues under consideration.

The overarching objective of this review is to deliver the best return to shareholders. In order to do that, we need to select the strategy that delivers the most economic and reliable supply of product to our customers to support the growth of our Marketing business. We will not compromise on supply reliability.

Let's consider the alternate supply issue first.

The uniqueness of specification for Australian grade gasoline in the region presents an additional complexity to our decision when compared to the closure decisions we are seeing being made by US and European refiners. We need to be assured that we will secure adequate supply, reliably and at a competitive price for the long term. Closing a refinery is not a no-regrets decision.

We need to carefully think through the risks associated with each strategic option, whether it is investment, or closure and conversion to an import terminal. Refineries are technically complex facilities, with substantial hazards

and complex processes. It is not a simple matter to undertake investment to improve performance or, in the closure cases, to convert the refinery to an import terminal while it is still required to operate as a refinery in the interim.

Each of the strategic options will impact a broad range of stakeholders. Each of these stakeholders has different drivers and each strategic option will impact them in different ways. We need to carefully consider this as we make our decision and execute the strategy.

Of course we cannot consider the refinery review options in isolation. Our refineries must compete for capital allocation with the demands of our growing Marketing business and our infrastructure investments. To this end, we are considering the implications of each strategic option on our balance sheet and, in the case of the refinery investment cases, looking at what alternative uses for capital might deliver better returns.

Hopefully from these few examples, you can see that this is a complex matter. I want to assure you that we are aware that many are frustrated by the time it is taking to make the decision. However, this is no small matter and we are determined to get the decision right.

I want to reiterate that our overarching objective is to deliver the best return to shareholders while maintaining our commitment to supply reliability for our customers and to provide a safe operating environment for our employees.

{Slide 13 – 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. I will return later to discuss the outlook for the business.

{Slide 14 – Financial Highlights}

Thank you, Julian.

Starting with the Historic Cost result, this of course was significantly impacted by the refinery asset write down recently announced.

For the full year to 31 December 2011, the historic cost result is a net loss after tax of \$714 million including significant items. The after tax impact of the write down was a \$1.05 billion reduction in net profit after tax. Excluding this impact, the result was a \$336 million net profit after tax, in line with the result for full year 2010.

This historic cost result includes the impact of the rise in oil prices over the full year which created an inventory gain of \$138 million after tax. The replacement cost result excludes this impact.

For the full year to 31 December 2011, the Replacement Cost EBIT was \$442 million compared to \$500 million, excluding significant items, for the full year 2010.

RCOP NPAT of \$264 million was down 17% on the full year RCOP NPAT of \$318 million for 2010 excluding significant items. This resulted in a corresponding decline in earnings per share to approximately 98 cents per share.

The Board declared an interim dividend of 28 cents per share fully franked compared with a 30 cent dividend for the same period in 2010 in line with policy. This takes the total dividend in respect of 2011 to 45 cents per share fully franked compared with a total of 60 cents per share for 2010.

Debt rose during the half from \$544 million at the end of December 2010 to \$617 million at the end of December 2011 as higher crude prices raised working capital requirements. Whilst not having an impact on debt covenants and ratios, the write down of refinery assets has led to the period end gearing to rise to 22%, or 33% on a lease adjusted basis, from 15% and 21% respectively in 2010.

{Slide 15 – Reconciliation to underlying profit metric}

Caltex's statutory profit is shown in our Historic Cost result although, as many of you know, management focuses heavily on the underlying, or Replacement Cost Operating Profit which removes the impact of crude price volatility. The reconciliation from the Historic cost after tax result, including significant items, to the Replacement Cost Operating Profit after tax result, excluding significant items, is shown here. After adjustment for significant items and inventory gains, the resulting RCOP NPAT excluding significant items is \$264 million.

{Slide 16 – Significant items}

Our results include significant items totalling approximately \$1.6 billion before tax with the write down of refinery assets far and away the largest contributor to this figure.

{Slide 17 – Record Marketing Result Offset by Refining Losses}

The strong Marketing performance underpinned this year's result with Caltex generating its second best second half result since 2006. The lower US dollar refiner margin that was impacted by the wide light – heavy spread and high crude cost contributed to the refining business losses. The result was also negatively impacted by the exchange rate as refining earnings came under pressure from the on-going strength of the Australian dollar. The unplanned outages from the first half impacted production at both Lytton and Kurnell, further contributing to the decline in refining earnings.

{Slide 18 – Crude price increase drives historical cost result}

The Historic Cost Operating Profit EBIT for the full year 2010 was \$522 million. This included a before tax inventory gain of \$21 million as the crude price was relatively stable.

RCOP EBIT declined year on year from \$500 million to \$442 million, as the decline in EBIT contribution from Refining and Supply of \$212 million was only partially offset by the increase in EBIT contribution from Marketing of \$119 million and Corporate of \$34 million when compared with the full year 2010. The before tax inventory gains for full year 2011 were \$197 million.

{Slide 19 – Segment reporting}

This slide shows the contribution of our two key segments:

- Marketing; and
- Refining and Supply.

Marketing's result of \$697 million EBIT for the full year demonstrates the robustness of Marketing earnings and the success of our strategy to grow this part of the business. Refining posted a \$208 million dollar EBIT loss while Corporate charges reduced to \$47 million. As I said earlier, the record Marketing result was not sufficient to offset the losses in Refining.

The refining result includes the impact of foreign exchange gain and losses. For the full year 2011 had a realised exchange loss of \$2 million. The hedging program reduced this gain by \$20.5 million before tax including the cost of the hedging.

{Slide 20 – Lower Refining and Supply Result due to deteriorating externalities and unplanned outages}

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

Turning firstly to the controllables, as we told you at the half 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 a higher Caltex Refiner Margin. The cost of steam and natural gas purchases was \$50 million for the full year 2011, which was offset by the benefit of the lower yield loss.

Despite the unplanned outages and extension to the planned major maintenance, CRM sales from production and Other refiner margin was up compared with the prior corresponding period which was itself heavily

impacted by planned major maintenance. The lost opportunity cost of this lower refinery availability is estimated to have reduced the first half result by approximately \$50 million and the second half by a further \$10 million.

Refining operating expense was up \$28 million, excluding depreciation. This increase is largely attributable to market driven labour cost increases and increased maintenance expenses due to the unplanned outages. Despite this, the Refining operating expenses net of natural gas and steam have been held to below CPI for the second year in a row.

As already stated, our full year result was also negatively impacted by external factors.

The 7 day pricing lag negatively impacted the result by \$6 million more than in 2010 as the crude price rose sharply during 2011 compared with a relatively more stable crude price during 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, relative to the prior year, of approximately \$41 million due to the higher negative impact of the gas/crude differential.

The stronger average Australian dollar negatively impacted the Caltex Refiner Margin by \$60 million compared with 2010.

During 2010, the net realised and unrealised exchange gain was \$27 million, compared with a net realised and unrealised exchange loss of \$10 million in 2011.

The lower USD Caltex Refiner Margin also negatively impacted earnings by \$24 million compared with 2010.

{Slide 21 – Transport fuel sales support earnings growth}

The major positive contribution to Marketing EBIT came from the increase in transport fuels margin and volume, an increase of \$125 million over 2010. Non fuel income was up \$15 million compared with FY10 as the new franchise agreements enabled increased returns, and card income increased with higher fuel prices.

Earnings from the Lubricants and Specialties business have declined from 2010 by approximately \$11 million. This is despite the growth in our finished lubricants sales, as our specialty products were in decline largely due to our decision to close the lubricating refinery. This has reduced our specialty products range to just gases and bitumen.

Marketing cash operating expense increases have been driven largely by wages and salaries, and repairs and maintenance expenditure, of which approximately \$5 million was associated with flood damage in the first quarter of 2011.

Depreciation and Amortisation is up \$5 million on the full year 2010 as the impact of the continued investment in retail store upgrades and underground tank replacements flow through.

{Slide 22 – Refiner margin reduced by higher dollar}

Our integrated fuel margin for the full year 2011 was 9.0 Australian cents per litre, down from 9.2 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 23 – Contents – Marketing Highlights}

Turning now to our Marketing business.

{Slide 24 – 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 earnings up over 22% on the prior corresponding period.

The strong contribution from lubricants was offset by the decline in sales of specialty products largely driven by the decision to close CLOR. Caltex now only sells bitumen and gases within its specialties range.

Non fuel income contribution is up 9% on the prior year. This is despite the impact of floods and flat shop sales due to the tight economic conditions and the level of site upgrades.

{Slide 25 – Transport Fuel Sales – Premium Fuels Growth}

The overall decline in gasoline sales has continued as expected, with volumes 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. Premium petrol sales are up 16% year on year.

{Slide 26 – Transport Fuel Sales –Growth Continues}

Total diesel sales have increased by more than 9% compared with 2010. Within that figure, Retail diesel sales have grown strongly, driven by the continued roll out of our Vortex premium diesel product. This trend is likely to continue as sales of diesel-engined vehicles continue to grow.

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

{Slide 27 – Non fuel income}

Total non fuel income contribution was up 9%, as the new franchise model delivers higher returns and card income increased with higher fuel sales.

{Slide 28 – Other Marketing Developments}

In late 2011, we acquired Bailey's Marine, an offshore marine refuelling business based in Western Australia. We also entered into a deal to purchase a Western Australia regional reseller. This deal was completed in early 2012.

Investment in the network continues with the completion of 7 new diesel stops, 10 new to industry sites and 12 retail site rebuilds.

We have also established a resource based growth team as Julian mentioned earlier to focus on capturing growth opportunities around the country.

We continue to reinforce our reputation as a reliable supplier, demonstrated during the floods earlier this year when Caltex was the first to deliver fuel into flood affected regions.

{Slide 29 – Contents – Supply Chain Highlights}

I will now turn to our Refining and Supply business.

{Slide 30 – Caltex Refiner Margin}

For the full year to 31 December 2011, the lagged Caltex refiner margin (CRM) averaged US\$7.98/bbl compared to US\$8.39/bbl in the previous year.

The Singapore Weighted Average Margin for this period was US\$11.72 /bbl, compared with US\$13.65/bbl against Tapis for 2010 or adjusted to Brent basis, US\$9.86/bbl. Despite the higher Singapore WAM in 2011, Caltex paid substantially higher crude premiums to the Dated Brent benchmark in 2011 when compared to 2010. This had the effect of lowering the Caltex Refiner Margin.

The product quality premium averaged around \$US1.89/bbl across all transportation fuels, in line with the prior corresponding period.

The CRM was impacted by an unfavourable pricing lag of \$US 0.34/bbl, equivalent to EBIT of approximately \$22 million. This was driven by a modest increase in crude cost from December 2010 compared to December 2011.

Despite the higher average crude price the yield loss impact reduced 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 Australian dollar CRM. In 2011, the Australian dollar averaged US103.2 cents, around 11 cents (or 12%) stronger than in 2010. This, together with the lower USD refiner margin, resulted in a fall of greater than 15% in the AUD CRM to 4.87 cents per litre.

{Slide 31 –Refiner Margin impacted by market factors}

This slide shows the range of Caltex Refiner Margin during the period of 2007-2011. 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 for 2011 which is below average for the first half, largely due to the lag effect and trending higher in the third quarter. The spike in October reflects the period affected by the Shell Singapore refinery fire and subsequent outage. Towards the end of the year as the light heavy spread contracted, margins returned to mid cycle levels.

{Slide 32 – Exchange rates and oil price spreads}

The Australian dollar while ending at roughly the same level in 2010 as 2011 was on average 12% higher throughout 2011, negatively impacting AUD refiner margin earnings.

The widening light heavy spread reduced refiner margins in the first half although a narrowing of the spread was evident towards the end of the year on expectations of Libya production returning to the crude market.

{Slide 33 – 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 2011 product freight rates have continued to recover from the cyclical lows of 2009. Meanwhile the crude freight rates Caltex pays have increased, influenced by the higher proportion of West African crude purchases. Nevertheless the net impact has been a slight improvement in the freight differential however Caltex's Refiner Margin remains under pressure from this historically narrow differential.

We successfully completed Very Large Crude Carrier or VLCC operations in the first and fourth quarters of this year. Further VLCC operations may be conducted during 2012 on an opportunistic basis.

{Slide 34 – Lower major planned maintenance offset by unplanned outages}

High value transport fuels production improved this year as the planned major maintenance had a lower impact than in 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.

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.

Utilisation was lower than 2010 as the impact of major planned maintenance at Kurnell dragged down the combined refineries utilisation.

{Slide 35 – Production of Higher Value Products Increases}

This slide shows how the production improvement program at Kurnell is delivering results as premium petrol represents an increasing proportion of production.

{Slide 36 – Contents – Financial Discipline}

{Slide 37 – Higher crude prices raise working capital demands}

Debt and gearing have risen in 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 even after the significant write off of the refinery assets.

{Slide 38 – Dividends: Final dividend of 28 cents per share}

As discussed earlier the Board declared a final dividend of 28 cents per share fully franked. This represents a payout ratio of approximately 50% in line with policy. Combined with the interim dividend of 17 cents per share this amounts to a total dividend of 45 cents per share and compared with a total dividend payout of 60 cents per share fully franked for the full year 2010.

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

{Slide 39 – Planned capital directed to growing Marketing business}

The 2011 capital spend of \$343 million was in line with the previously announced range of \$300 to \$350 million. The forecast spend for 2012 is around \$375 to 450 million. The majority of the increase will be directed to growth areas in Marketing.

These values exclude expenditure on major planned maintenance activities.

{Slide 40 – Contents – Outlook and Summary}

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

{Slide 41 – A decade of demand growth for diesel, jet fuel expected}

Thank you, Simon.

Our longer term demand outlook for demand remains favourable. Diesel demand growth will be underpinned by GDP growth and leveraged to the resources industry growth. Steady jet fuel demand growth is expected due to increasing passenger travel.

Gasoline remains a mature product, but more rapid demand for higher octane, premium gasoline is expected.

{Slide 42 – Regional Refining capacity additions will prevent a significant improvement in utilisation}

Capacity additions in Asia-Pacific region are expected to be significantly higher in 2012 compared to 2011 with a further wave of additions from 2014.

Despite the improved forecasts for demand growth for 2012 and steady longer term forecasts, the growth in regional capacity will keep refinery utilisation well below the peak of the mid-2000s. This suggests that refiner margins are unlikely to improve significantly.

It is within this context that we will make our decision on the future of our refineries.

{Slide 43 – Demand growth vs refining capacity additions}

Asia Pacific capacity additions are projected to be approximately in line with regional product demand growth in 2012 and 2013.

However after 2013, capacity additions look likely to significantly exceed demand growth, with most of this capacity coming on stream in China.

Although there is a possibility of delays in timing of projects, the operating environment for refining is expected to be challenging over the medium term.

{Slide 44 – 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 45 – Q&A}

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

{Slide 46 – 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 August 2012 when we announce our half year results for 2012.

{Slide 47 – End slide}