BY ELECTRONIC LODGEMENT **ASX ANNOUNCEMENT**

CALTEX

CALTEX AUSTRALIA LIMITED
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26 July 2012

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED
CALTEX PRESENTATION – SUPPLY CHAIN RESTRUCTURE

Caltex Australia Limited (Caltex) will make a presentation to analysts today in relation to Caltex's supply chain restructure, as announced to the market this morning. The presentation will be made by Mr Julian Segal (Managing Director & CEO) and Mr Simon Hepworth (Chief Financial Officer). The slides for the presentation are attached for immediate release to the market.

Peter Lim
Company Secretary

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

Attach.

Supply Chain Restructure

Investor Relations Presentation

26 July 2012

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Supply Chain Restructure - History

- **August 2011**: Refining review announced
- **February 2012**: Impairment of $1.5 billion – decision to take six months – 3rd quarter 2012
- **May 2012**: AGM - Focus on Kurnell – pathway being explored for Lytton to improve operations
- Status quo not sustainable: Caltex refineries in their current configuration are relatively small and disadvantaged versus modern, larger scale and more efficient Asian refineries.
- Exacerbated by adverse impact of strong Australian dollar, lower Caltex refiner margins and increasing costs on the "as is" refining business.

Comprehensive review

- Looked at fix, close, sell options for either or both refineries.

- Different permutations surrounding Kurnell, Lytton.

- Security of reliable supply critical.

- Caltex remains committed to safe & reliable operations.

The Decision

- Continued investment in development of Caltex's supply chain, supporting growth in Marketing.

- Closure of the Kurnell refinery and conversion to a major import terminal. Closure in approximately two years time (2h2014).

- Continued operation of Lytton refinery. Necessary focus on operational and financial performance improvements, in conjunction with engaging key stakeholders. Potentially supported by modest identifiable capex investment.

- Reduced exposure to refining earnings volatility and asset concentration risk. Refinery supply would reduce towards 25% of requirements (from approximately 55%).

- Long term secure supply from Chevron.

Kurnell

- Scale, configuration & cost structure deemed sub-economic.

- Closure of refining operations.

- Existing storage, associated facilities to be converted to finished fuel import facility.

- Employee positions reduce from around 430 to less than 100.

Lytton

- Better suited satisfying Australian product demand.
- Necessary to gain operational and financial performance improvements (in conjunction with stakeholder engagement).
- Improvement performance areas identified.
- Modest investments to be considered.

Chevron Supply Agreement

- Leading international oil & gas company (Upstream, Downstream, Trading capabilities).
- Product Supply Agreement.
- Leverage international supply expertise including product sourcing and shipping.
- Reliable supply at arm’s length market price.
- Long term.

Financial Cash Costs

(a) Kurnell refinery closure costs ($430m discounted)

- Redundancies
- Dismantling and removal
- Remediation.

Kurnell Refinery to cease operations in 2nd half of 2014.

(b) Import terminal conversion costs (approximately $250m) - Includes the conversion and expansion of current import terminal capability.

Financial Cash Costs (continued)

- Cash costs to be mitigated via:
  - accelerated depreciation following refinery closure (cash tax benefit)
  - working capital release (inventory balances specifically)
  - capital expenditure (non-discretionary) reduction (Kurnell has needed significant capex to run safely and reliably).

- 2012-2016 Net cash Inflows / Outflows not expected to have a significant impact on Caltex's net debt balances.

Proposed Disclosure / Other Financial Issues

- Caltex intends to maintain a BBB+ credit rating (S&P).
- A number of capital management initiatives being considered (e.g. hybrid).
- Dividend payout ratio change
- 2012 Capital Expenditure - now upper end of previous guidance ($375m - $450m).
- No further impairments / asset write-downs anticipated.
- Regular progress updates to be provided (continuous disclosure).

Questions?

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