



**CALTEX AUSTRALIA LIMITED**  
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20 June 2013

Company Announcements Office  
Australian Securities Exchange

**CALTEX AUSTRALIA LIMITED**  
**CALTEX PRESENTATION – QUEENSLAND ANALYST VISIT**

Slides for presentations to be made by Mr Simon Hepworth (Chief Financial Officer) and Mr Rohan Gallagher (Group Manager – Investor Relations & Corporate Affairs) to analysts and investors as part of a Lytton Refinery tour and Queensland field visit on 20 June 2013 are attached for immediate release to the market.



**Peter Lim**  
**Company Secretary**

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

**Attach.**

# CALTEX AUSTRALIA LIMITED

Lytton Refinery Tour  
Queensland Field Visit





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  - Retail

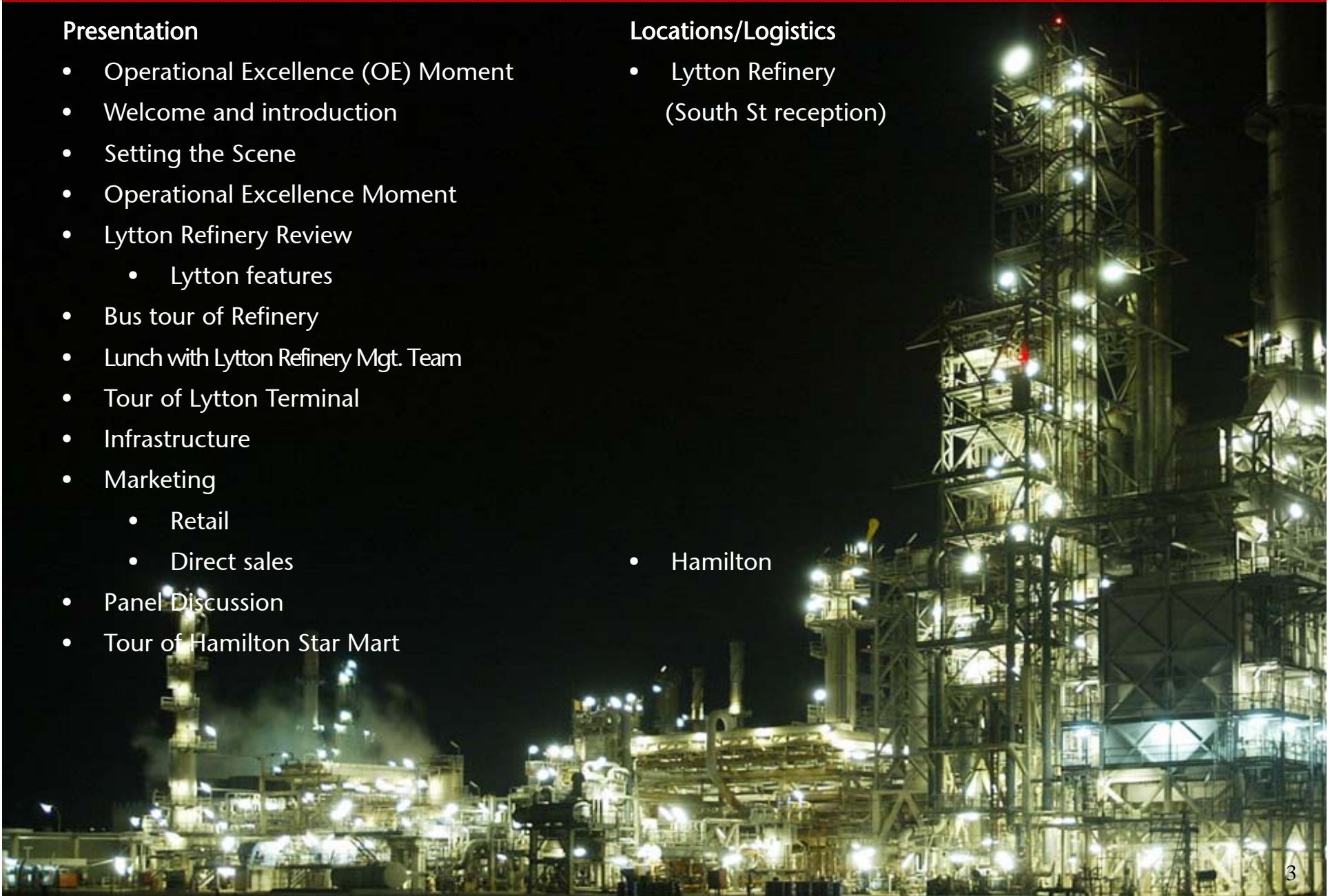
# Agenda

## Presentation

- Operational Excellence (OE) Moment
- Welcome and introduction
- Setting the Scene
- Operational Excellence Moment
- Lytton Refinery Review
  - Lytton features
- Bus tour of Refinery
- Lunch with Lytton Refinery Mgt. Team
- Tour of Lytton Terminal
- Infrastructure
- Marketing
  - Retail
  - Direct sales
- Panel Discussion
- Tour of Hamilton Star Mart

## Locations/Logistics

- Lytton Refinery  
(South St reception)
- Hamilton



video

At Caltex, it is customary to commence a meeting 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.



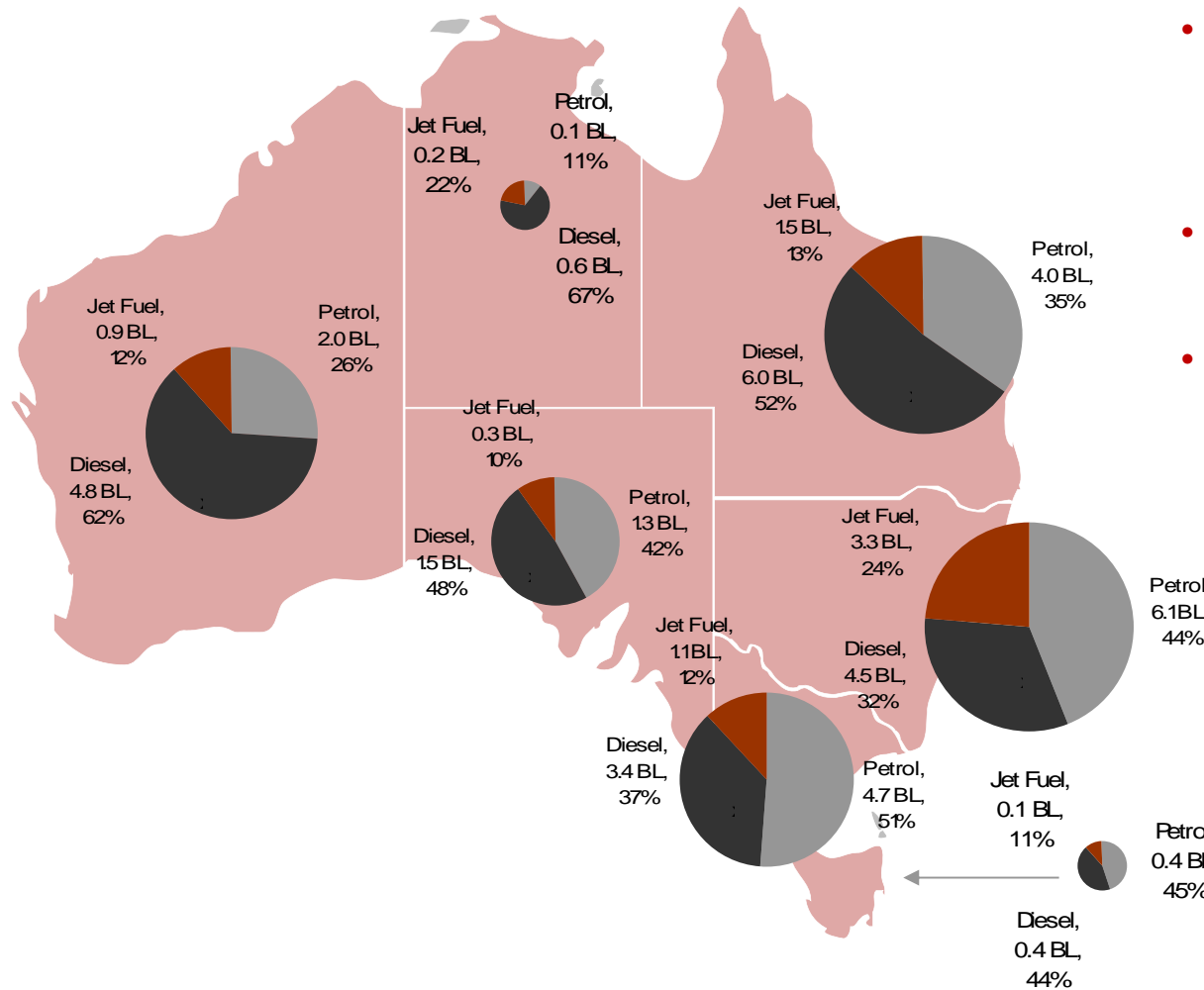
**Our energy fuels a brighter future.**



# Setting the Scene



# Australian Transport Fuel Market by region



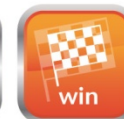
- Australia is a large and relatively geographically isolated country, with key and growing regional markets dispersed around the long coastline
- Regional markets not connected by distribution infrastructure (no pipelines, major rail or major rivers)
- Given market dynamics, key enablers are:
  - Product sourcing
  - Well located import infrastructure in each regional market
  - Strong customer relationships



# Australian transport fuels industry

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- Domestic refineries supply approximately 50-60% of petroleum products in Australia
- Underlying national demand approximates 1 million barrels/day.
- Domestic supply approximates 600,000 barrels/day (500,000 barrels/day post CTX Kurnell refinery closure, end 2014)
- Caltex supplies around 1/3 of Australia's wholesale transport fuel demand
- Lytton produces around 45% of Queensland's fuel requirements by processing up to 109,000 barrels of crude oil per day





# Caltex's strategy is very clear

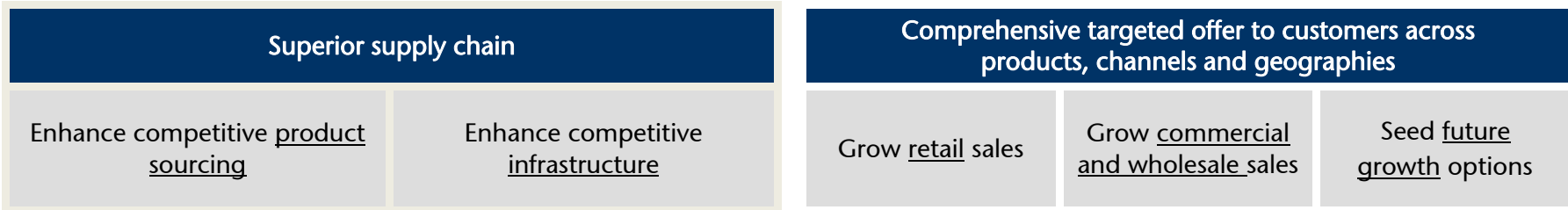
## CALTEX'S VISION

Outright leader in transport fuels across Australia

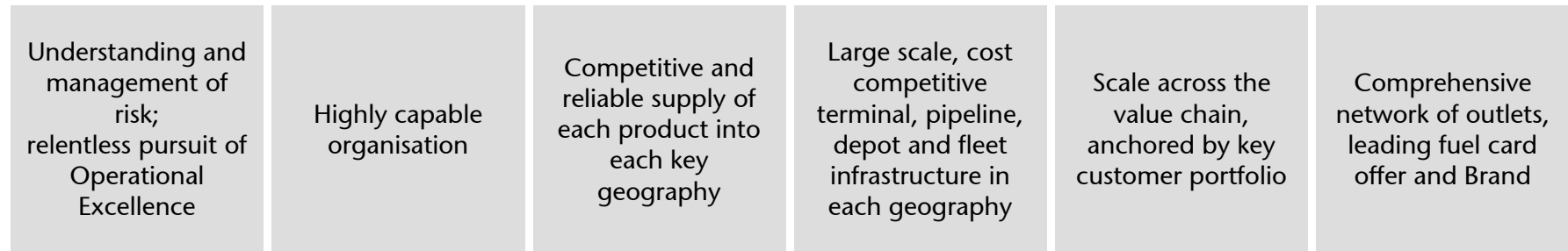
## MEASURE OF SUCCESS

Safely and reliably deliver top quartile total shareholder returns

## KEY STRATEGY PILLARS

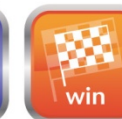
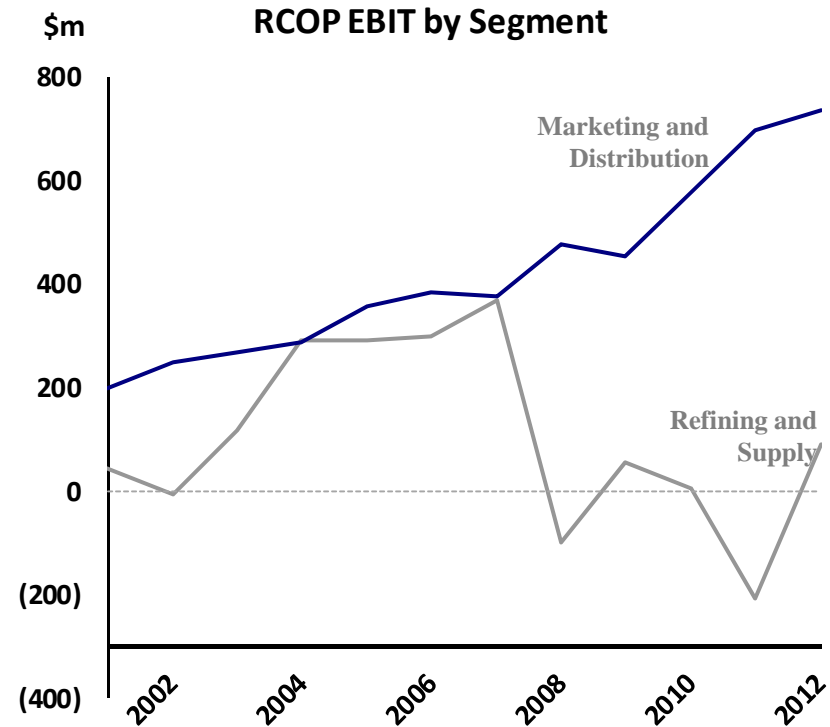
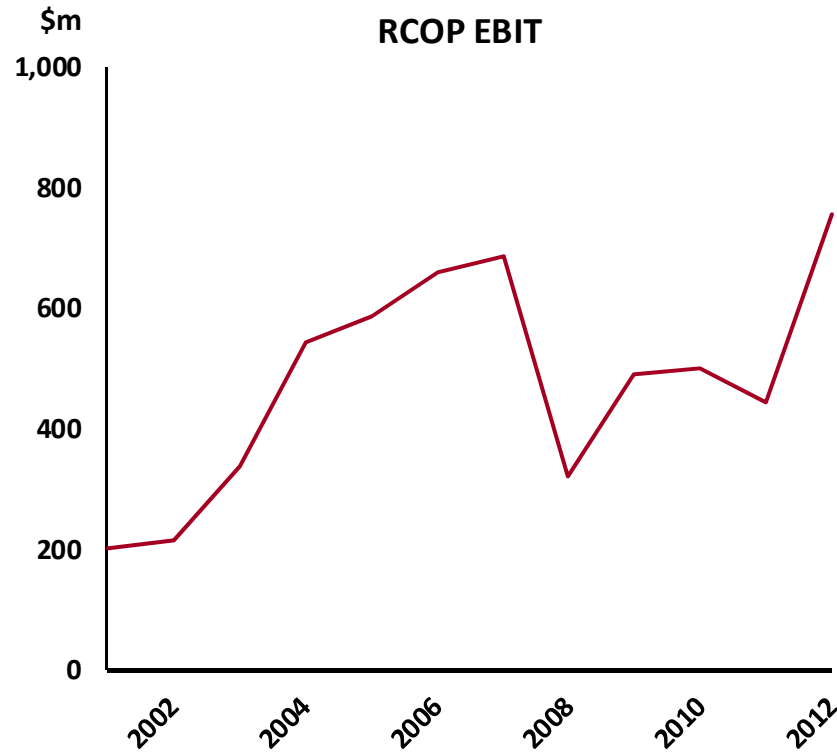


## KEY SOURCES OF COMPETITIVE ADVANTAGE



# Marketing & Distribution – A History of Demonstrable Growth

CALTEX FINANCIAL PERFORMANCE (current segment reporting basis)



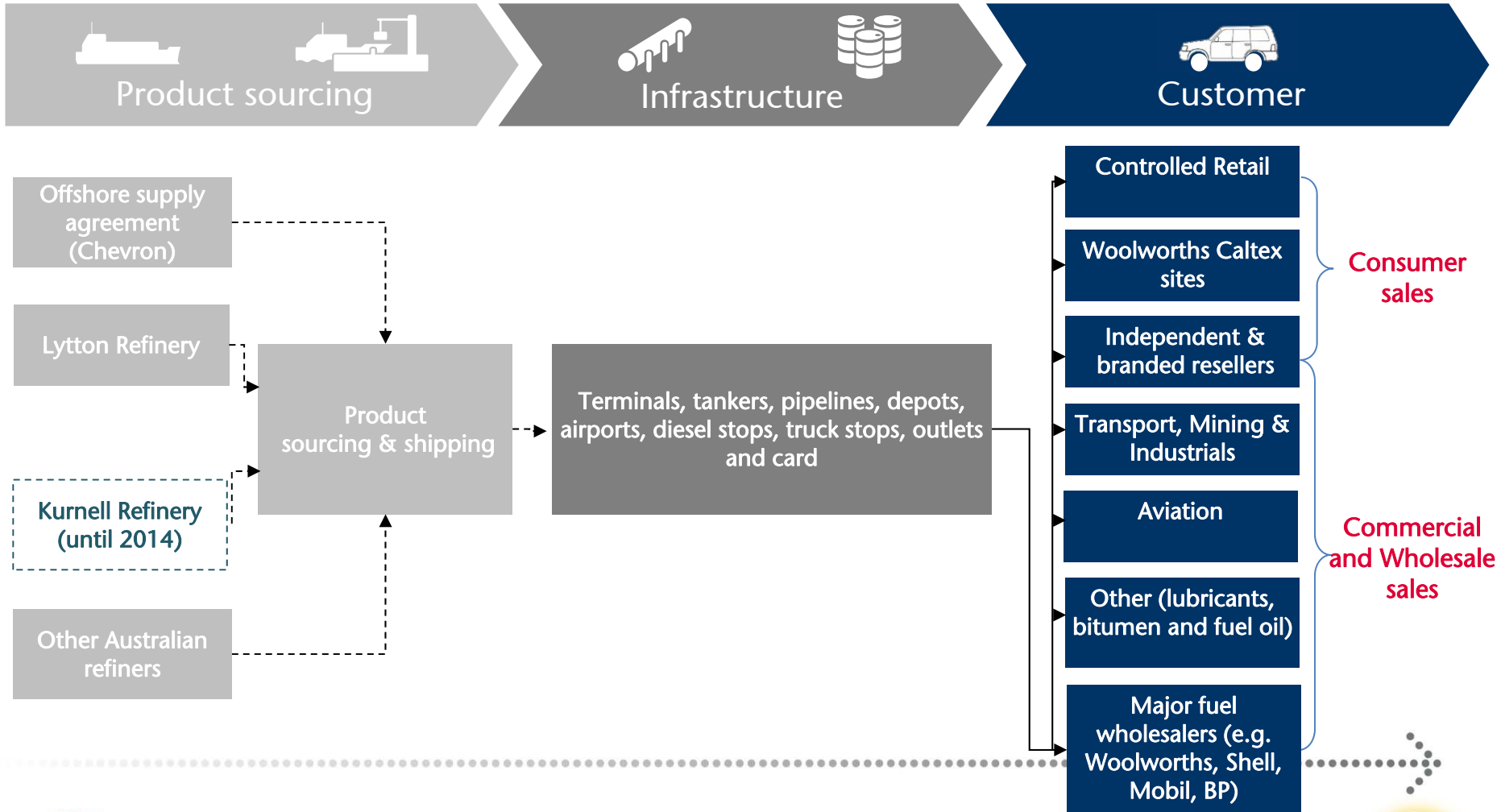
## Our earnings growth will come from a diverse suite of opportunities across our core business

GROW	TRANSFORM	IMPROVE
<ul style="list-style-type: none"> <li>• Commitment to grow Marketing &amp; Distribution</li> <li>• Target high growth channels / geographies / products</li> <li>• Continue to build and leverage import infrastructure</li> <li>• Infrastructure services to the sector (e.g. Kurnell terminal)</li> <li>• Accelerate network expansion (e.g. Diesel stops)</li> <li>• New to industry sites</li> <li>• Accelerate site upgrade programme (to 21CC format)</li> <li>• Targeted M&amp;A to fill network gaps (e.g. bolt on's)</li> <li>• Targeted M&amp;A to grow in adjacent businesses (e.g. Bailey's marine) and under-represented geographies (e.g. WA reseller)</li> </ul>	<ul style="list-style-type: none"> <li>• Kurnell closure on track for 2H2014</li> <li>• Conversion to Australia's leading import terminal (end 2014)               <ul style="list-style-type: none"> <li>- 27 sub-projects (no individual project &gt;\$50m)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Lytton (Brisbane) Refinery               <ul style="list-style-type: none"> <li>- Operational improvements</li> <li>- Targeted investments requiring quick payback under consideration (decision end Q2/Q3 2013)</li> <li>- Lytton to supply 20-25% of future needs</li> <li>- Maintains contestability versus imported product, buy-sell arrangements</li> <li>- Commercially more viable than Kurnell</li> </ul> </li> </ul>



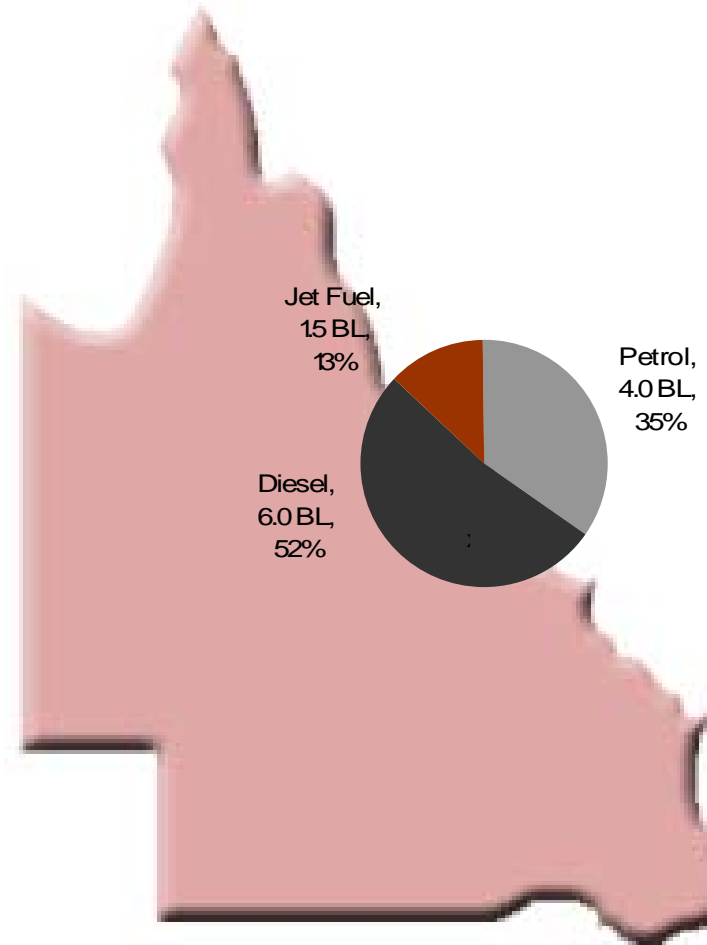
# Caltex Value Chain

Our competitive position: To optimise the entire value chain



# Queensland market

- Queensland is Australia's second largest consumer of transport fuels, representing around 25% of national demand
- Diesel represents some 50-55% of Qld. Fuel demand at around 6.0BL. This is driven by road transportation, mining and agriculture activity.
- Caltex enjoys #1 market position at around 40% \*



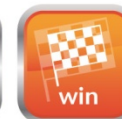
\* Indicative 2011 share of 11.5Bn litre market



# Objectives for today – to give life to the Caltex strategy

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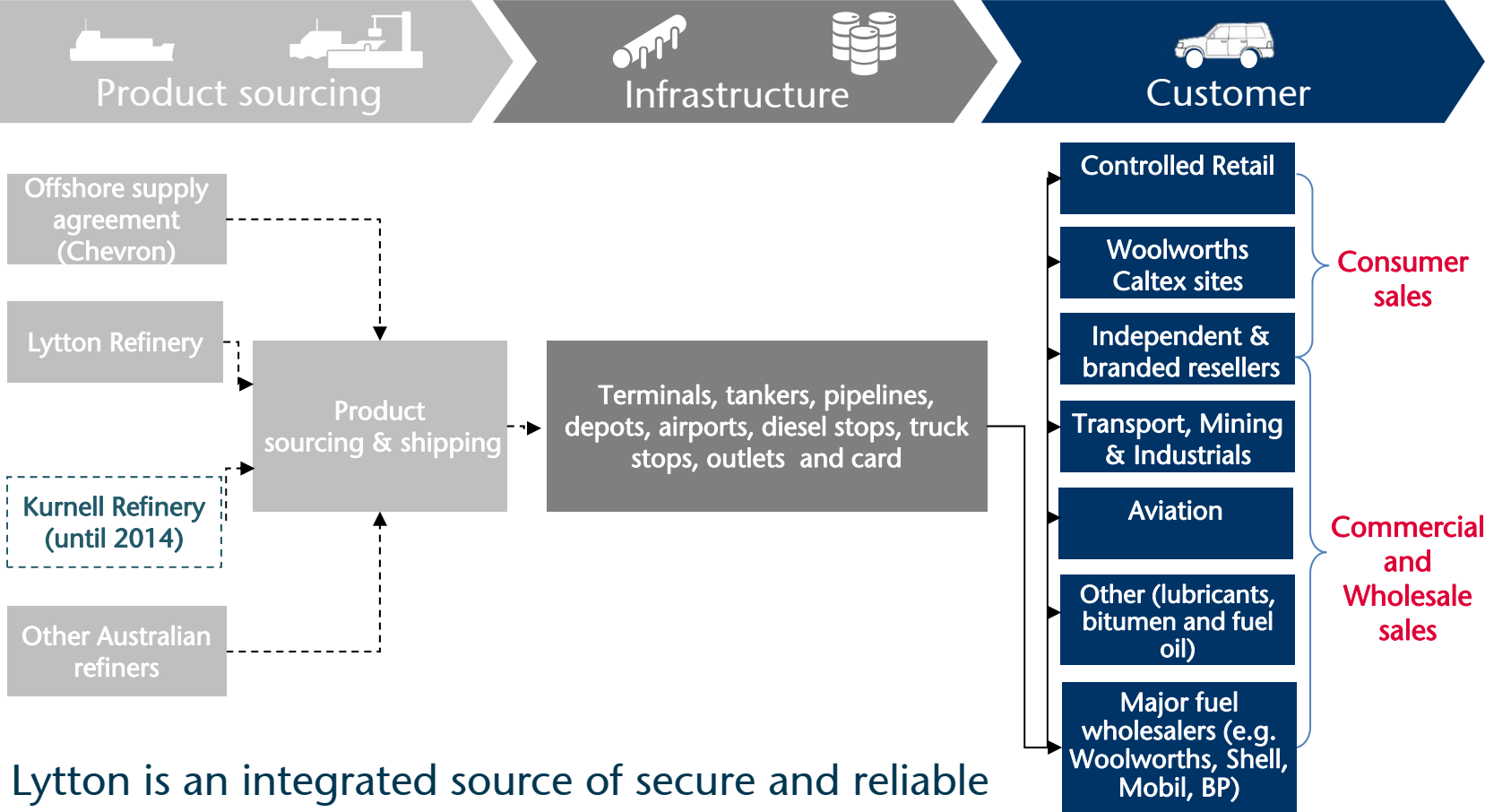
- Lytton Refinery
  - Refinery 101
  - Overview of refinery capability and configuration
  - Differences to Kurnell Refinery
  - Improvement strategy, including gap closure, modest capital project opportunities
- Queensland marketing and distribution operations
  - Terminal and distribution operations
  - Retail development and growth
  - Direct sales customers and strategy
- Exposure to operational managers, including Refinery Management team (Lytton), national managers for retail, direct sales and distribution.



# Product Sourcing (Refining & Supply)



# Caltex value chain – where does Lytton fit?



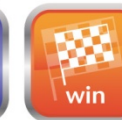
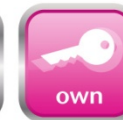
Lytton is an integrated source of secure and reliable supply, accounting for around 25% to 35% of Caltex’s national requirements.





## Lytton Refinery: Background

# Lytton Refinery



# Lytton Refinery: Background

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- Built in 1965 by AMPOL
- Original design capacity 6,000 tonnes/d. Expanded to >13,000/day (equivalent 109,000 barrels/day)
- Ultra sweet, light crude refinery
- Favourable production slate
- Employs 340 people (F/T) plus around 300 contractors (note: personnel can potentially double during major Turnaround and Inspections, T & I)



# Lytton versus Kurnell

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- Product Mix
  - Greater focus on diesel and Premium Fuels
  - Upgrades all intermediates to High Value Products (HVP) – no exports
- Hardware
  - Less hardware with lower maintenance costs
  - Integrated facility allows for lower energy usage per barrel of crude
  - Lytton holds lower levels of intermediates
- Yield and Utilisation
  - Higher liquid yield
  - Higher utilisation, similar throughputs
- Operating Costs
  - More advantaged; Combined with higher product slate means Lytton has a lower breakeven cost point (US\$/bbl)
- Capital investment
  - Modest investment identified to further upgrade octane capacity (value-add)



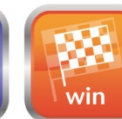
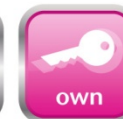
# Refining & Supply Production Mix

## Lytton and Kurnell Product Mix

Lytton’s premium fuels production slate (percentage of total volumes) assists earnings differential.

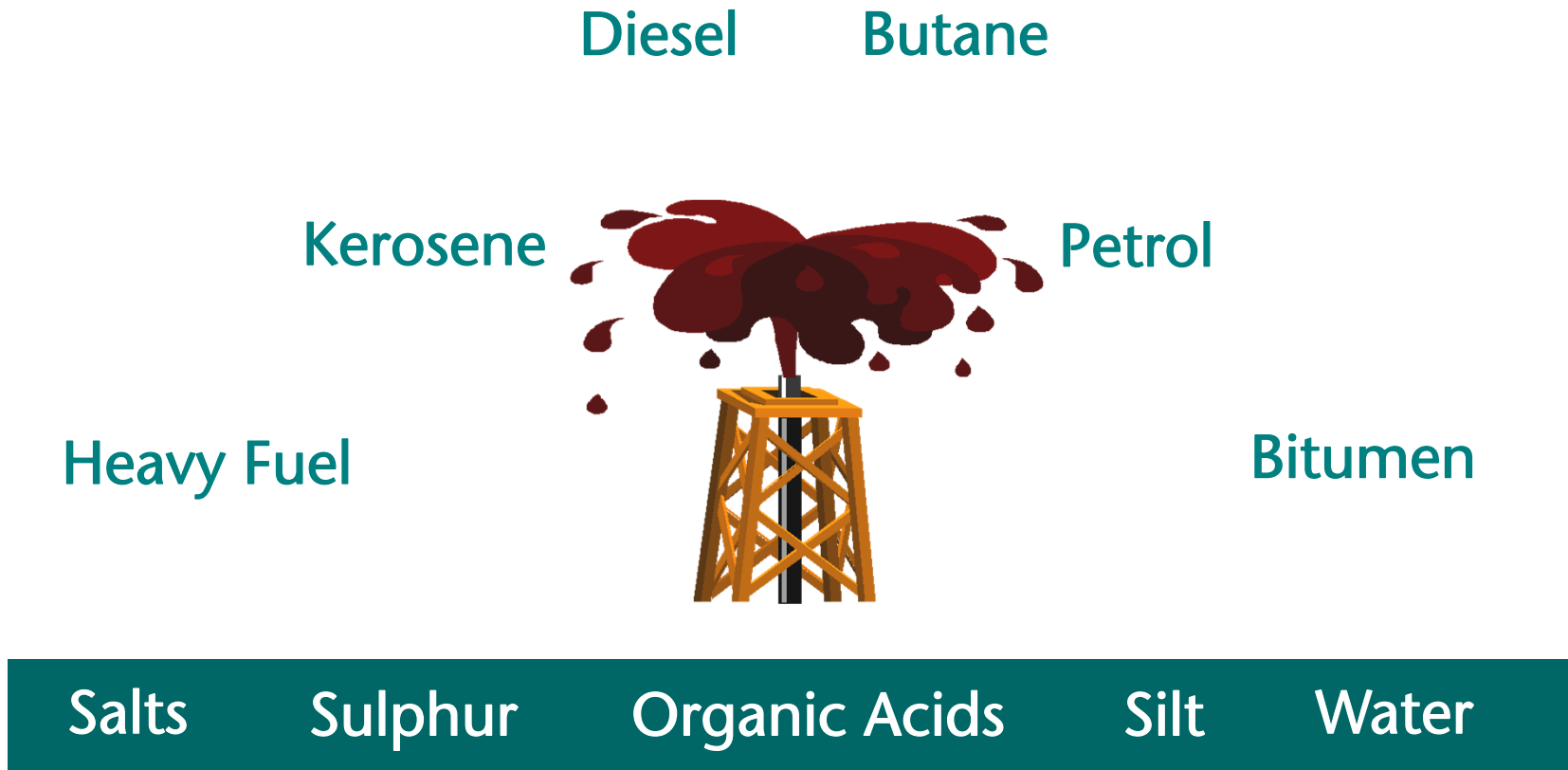
- The CCR reformer, Isomerisation unit and the HF Alkylation unit cornerstone to Lytton’s high octane performance
- Additional diesel hydrotreating capacity allows Lytton to import and upgrade low value high sulfur diesel

	LYTTON			KURNELL		
	2012	2011	2010	2012	2011	2010
Diesel	40%	38%	39%	26%	26%	26%
Premium Gasolines	13%	12%	10%	14%	10%	10%
Jet	10%	9%	7%	19%	18%	18%
	<b>63%</b>	<b>59%</b>	<b>56%</b>	<b>59%</b>	<b>55%</b>	<b>54%</b>
Unleaded Petrol	34%	37%	41%	29%	32%	34%
Other	4%	4%	3%	13%	13%	11%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



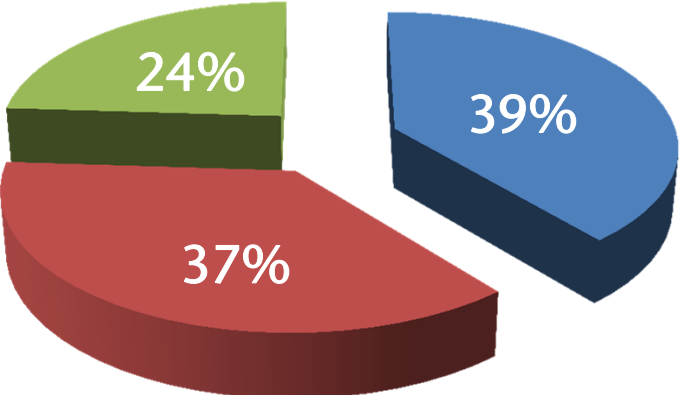


# What is crude oil?



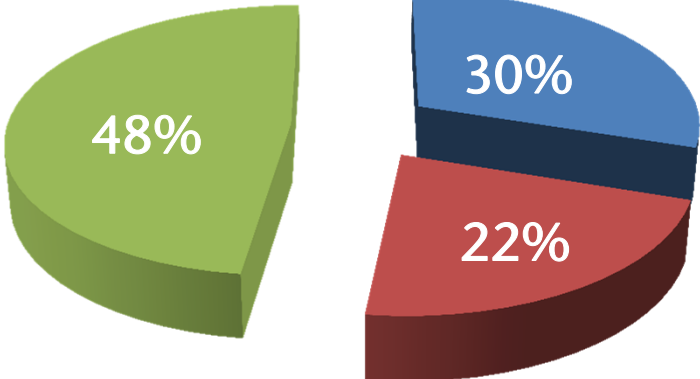
# Caltex crude slate

2010 Crude Slate



- Domestic
- Regional
- WAF

2012 Crude Slate



- Domestic
- Regional
- WAF



# Crude ships

- Ships docking at our wharves contain up to 140,000 tonnes of crude oil – enough to fill 800,000 x 44 gallon (200L) drums. This is the equivalent of 2 million car petrol tanks
- A normal cargo of 20,000 – 80,000 tonnes is received every 3-5 days
- Lytton has the capacity to receive a full suezmax (large) ship





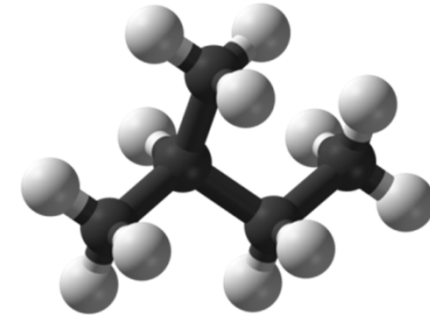
# Caltex crude slate

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## Refinery & Energy

Refining Processes are easily broken down into three groups:

- Separating
- Upgrading
- Blending



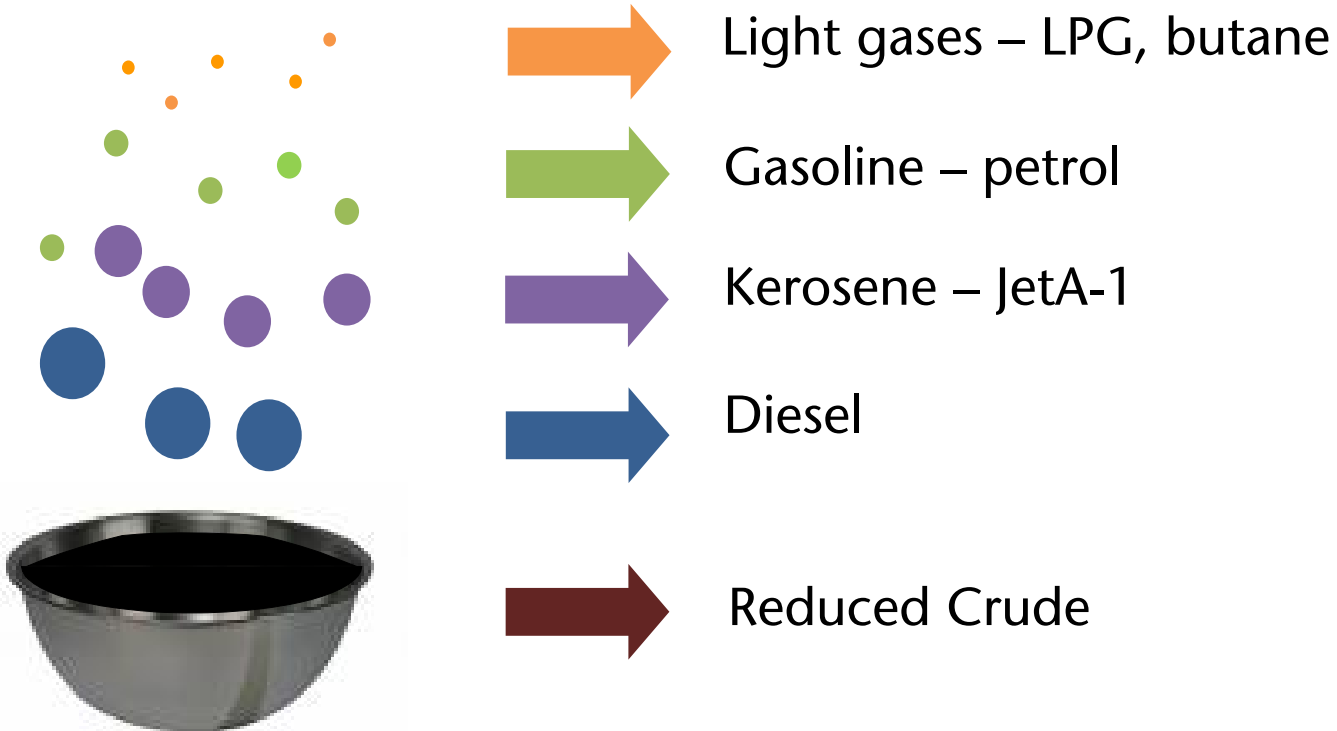
Each of these processes involve Energy:

- Heating
- Steam generation
- Mechanical Energy (pumping, compressing)
- Cooling

Energy accounts for more than 40% of all Operating Expenses

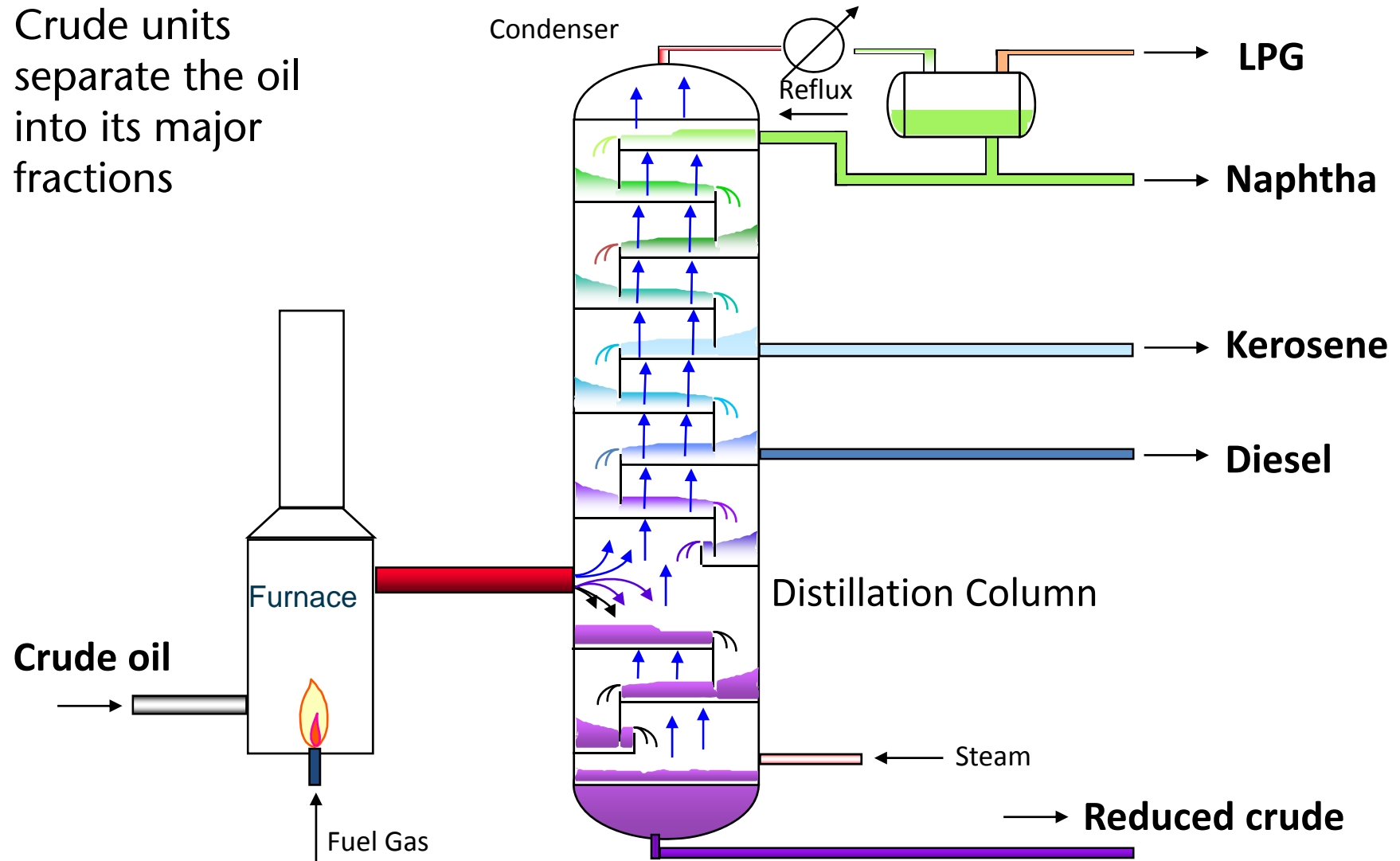


# Crude oil components



# Separation by distillation

Crude units separate the oil into its major fractions



# Jet Fuel

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Kerosene has stringent quality control

- Major quality targets are:
  - Flash point and freeze point
  - Water and particles are removed
  - Natural organic acids are neutralised
  
- Kerosene is certified as 2 jet fuels
  - Jet A-1
  - F-34 (RAAF)



The amount of kerosene drawn from crude directly impacts the yields and quality of gasoline and diesel



# Jet Treater

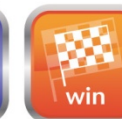
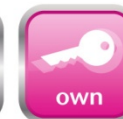
- Commissioned in 2012
- Caustic wash system
- Removes naphthenic acids
- Meet jet fuel acidity specification
- Allows wider selection of crudes
- Replaced original system which was inclined to create an emulsion



# Petrol (gasoline)

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- The main property of petrol is Octane (RON)
  - RON is a measure of how stable the fuel is and the amount of energy that is released upon ignition
- Caltex Petrol has 3 grades
  - Unleaded (ULP) 91 RON
  - Vortex Premium Unleaded (PULP) 95 RON
  - Vortex Super Premium (SPULP) 98 RON
- Ethanol petrol blends are created at the terminals



# Petrol (gasoline)

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- Petrol is a blended product made up of:
  - Butane
    - High octane – limited in summer due to volatility constraints
  - Isomerate
    - Moderate octane – upgraded from straight run naphtha (low octane)
  - Alkylate
    - High octane – upgraded from unwanted butane
  - Light and Heavy Reformate
    - High octane – upgraded from straight run naphtha (low octane)
  - Light Catalytic Naphtha
    - Moderate octane – upgraded from reduced crude)
- Different Petrol Products require different specifications and different blend compositions



# Continuous catalyst regeneration reformer (CCR)

Upgrades the octane value of heavy naphtha (gasoline) components and continuously generates valuable hydrogen gas as a by-product for the diesel hydrotreaters and Benzene Hydrogenation Unit

- UOP continuous catalyst regeneration
- Built in 1990
- Typically runs combined octane 98-102
- Generates main octane for our premium fuels: Vortex 95 and 98





# Fluidised catalytic cracker (FCCU)



Takes heavy, low value reduced crude (approx 25-40% of total crude oil) and cracks the large molecules into smaller ones that comprise high value fuel components including:

- Butane/Butene (made into Alkylate)
- Propane/Propene (made into Nonene – very high value solvent)
- Light Catalytic Naphtha (Petrol)
- Light Cycle Oil (Diesel)
- Clarified Oil
- Large proportion of Refinery Fuel Gas

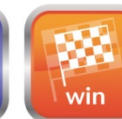
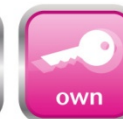
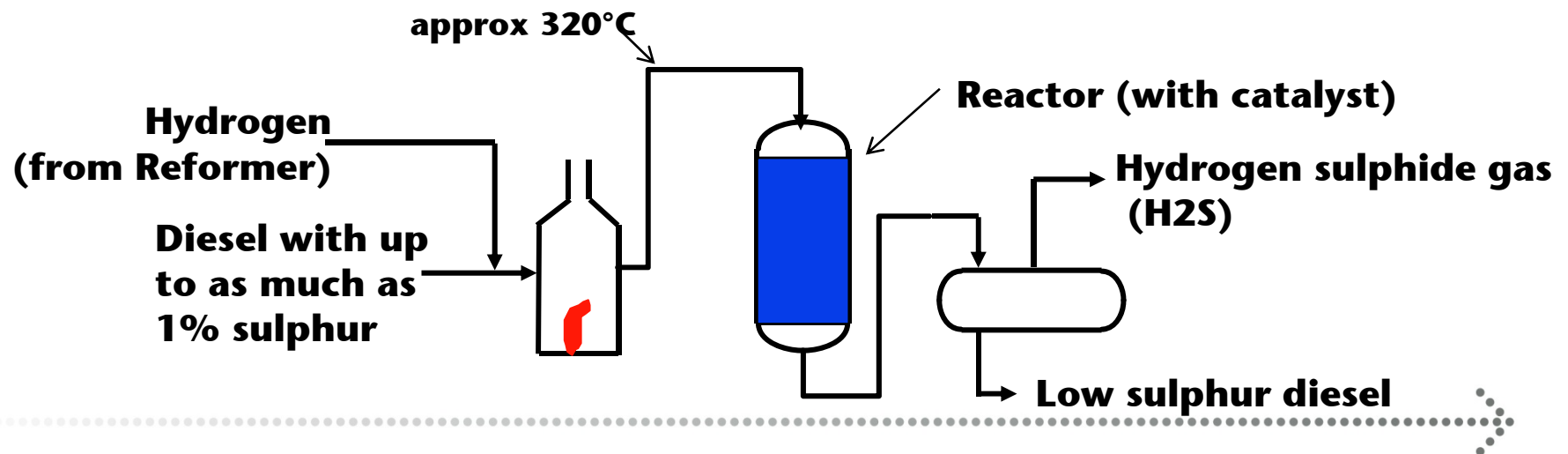


# Diesel

Lytton upgrades untreated low value high sulphur diesel into XLSD (eXtra Low Sulphur Diesel) to meet Australian fuel specifications. Lytton has two Diesel Hydrotreating Units:

- DHTU1 converted from LCO Hydrotreater in early 2000s
- DHTU2 built new and commissioned mid-2009. Can take import from tankage

Combined XLSD (10ppm) capacity 46.6 kbbl/d (6300tpd)



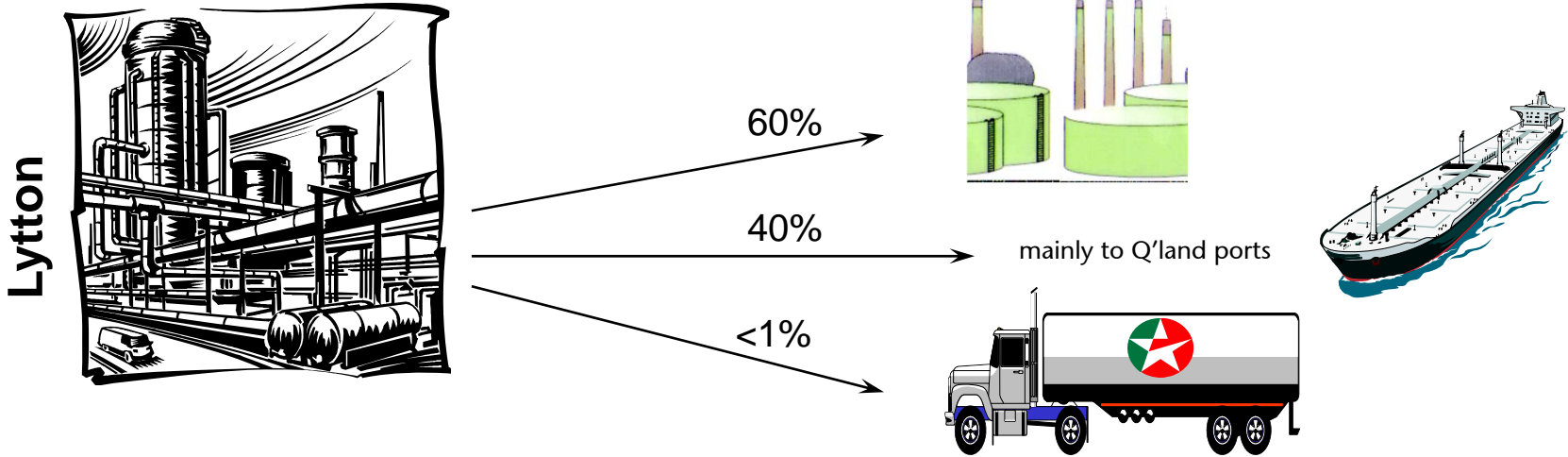
# High Value Products

Jet Fuel is a “straight run product” but LPG, Petrol and Diesel are final products made up of many components blended to satisfy specifications

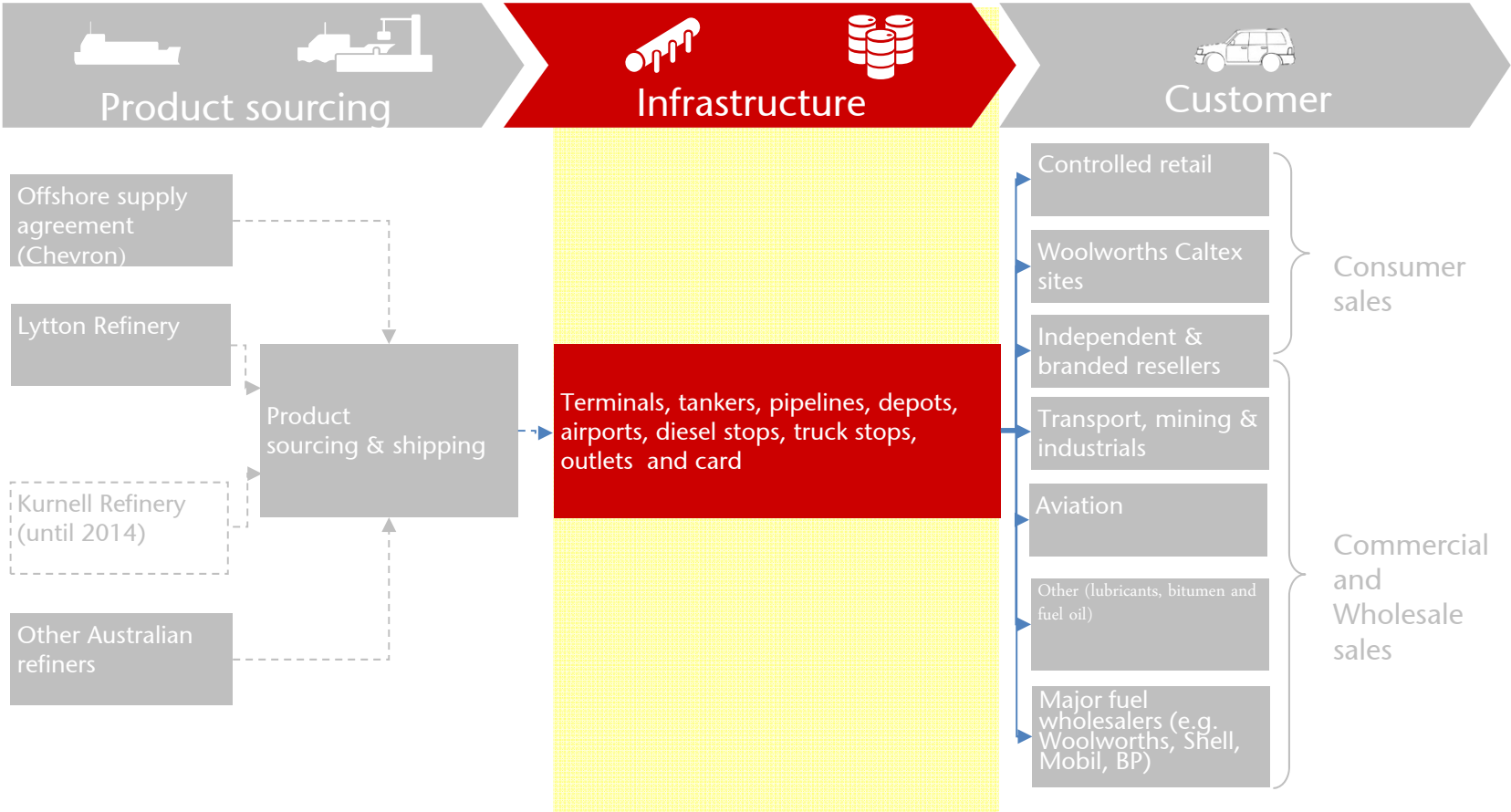
- The components come from the various refinery units
  - The challenge is to make enough of each component to make sufficient product of the required quality for market needs without having to buy expensive high quality crudes.




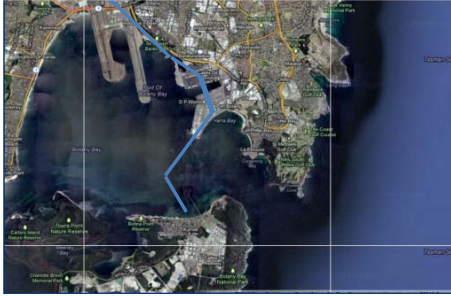






# Lytton Refinery 's product distribution



# Infrastructure/Distribution



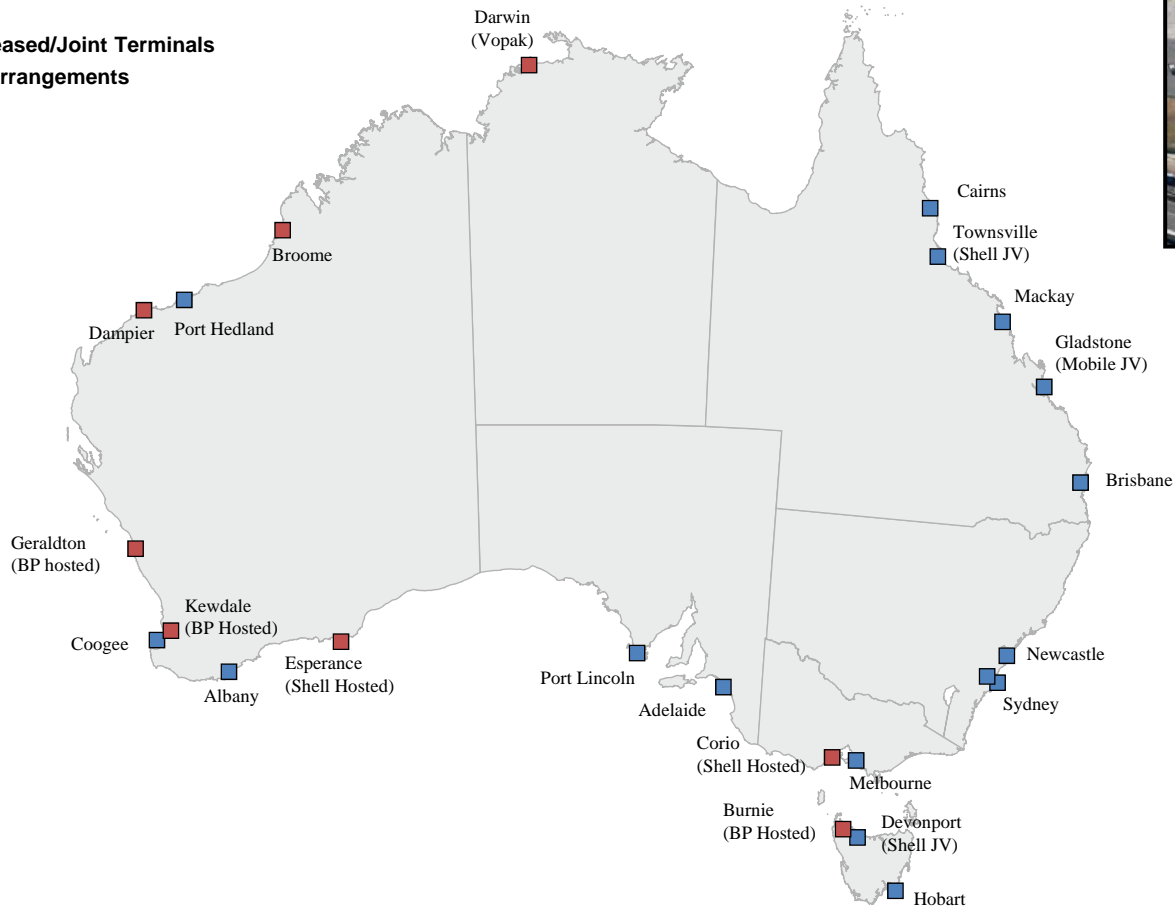
# Caltex has both a national and a comprehensive infrastructure footprint

<b>Terminals</b>	<b>Pipelines</b>	<b>Depots</b>	<b>Airport depot and refuelling</b>
One of three players with national terminal coverage (24 locations)	Five major pipelines in Sydney, Newcastle and Brisbane basins	Industry-leading network of 89 CAL owned/leased depots	Membership at seven major east coast airports (JUHI)
			
<b>Site network (incl. WOW)</b>	<b>Marine Refuelling Network</b>	<b>Barges</b>	<b>StarCard</b>
=#1 position with ~2,000 service stations and diesel/truck stops	Emerging position established with acquisition of Baileys	Barges in key locations (Sydney, Brisbane)	#1 position with 40% of cards on issue
			

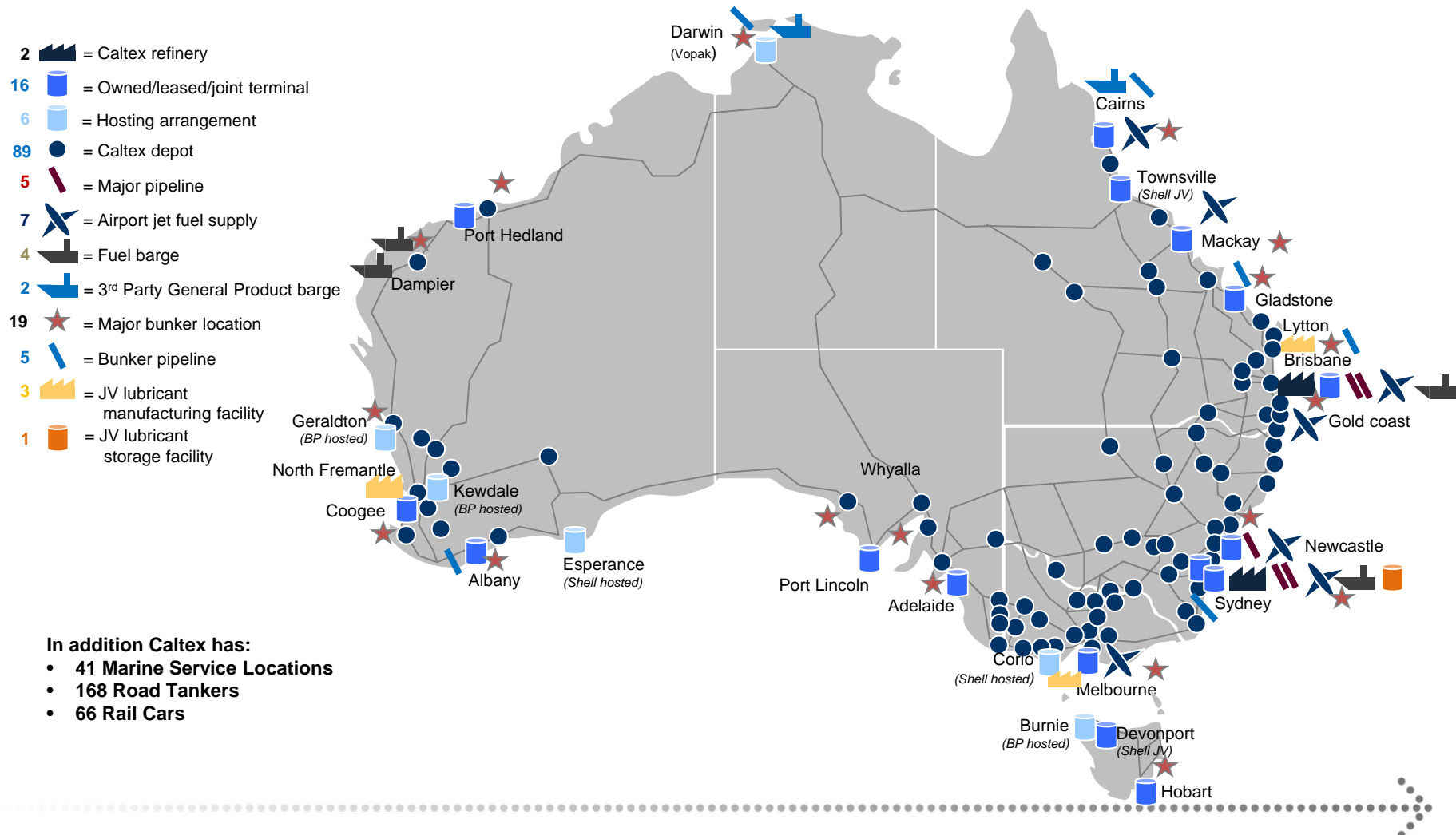


# One of three players with national import terminal coverage (24 locations)...

- Owned/Leased/Joint Terminals
- Hosting Arrangements



# ...a #1 network with ~2,000 service stations and diesel/truck stops, as well as a comprehensive marine refuelling network





# Queensland supply market characteristics

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- Brisbane refineries (Caltex Lytton, BP Bulwer Island) supply the south-east Queensland market
- Finished product imports are increasing
- Product sourcing capability is required particularly serving faster growing regional markets
- With geographically dispersed pockets of demand across a large state, Queensland operates as a multitude of separate 'island markets' with varying regional market dynamics
- Significant industry investment has been made and will continue to be made



## Other infrastructure

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- Membership at Brisbane, Cooloongatta, Mackay and Cairns, east coast airports
- Industry-leading network of around twenty (20) Caltex owned/leased depots
- Servicing around 430 retail service stations and diesel/truck stops (including WOW) and growing



# Lytton Terminal Overview

Second largest Caltex terminal with an annual throughput of 2.4 billion litres

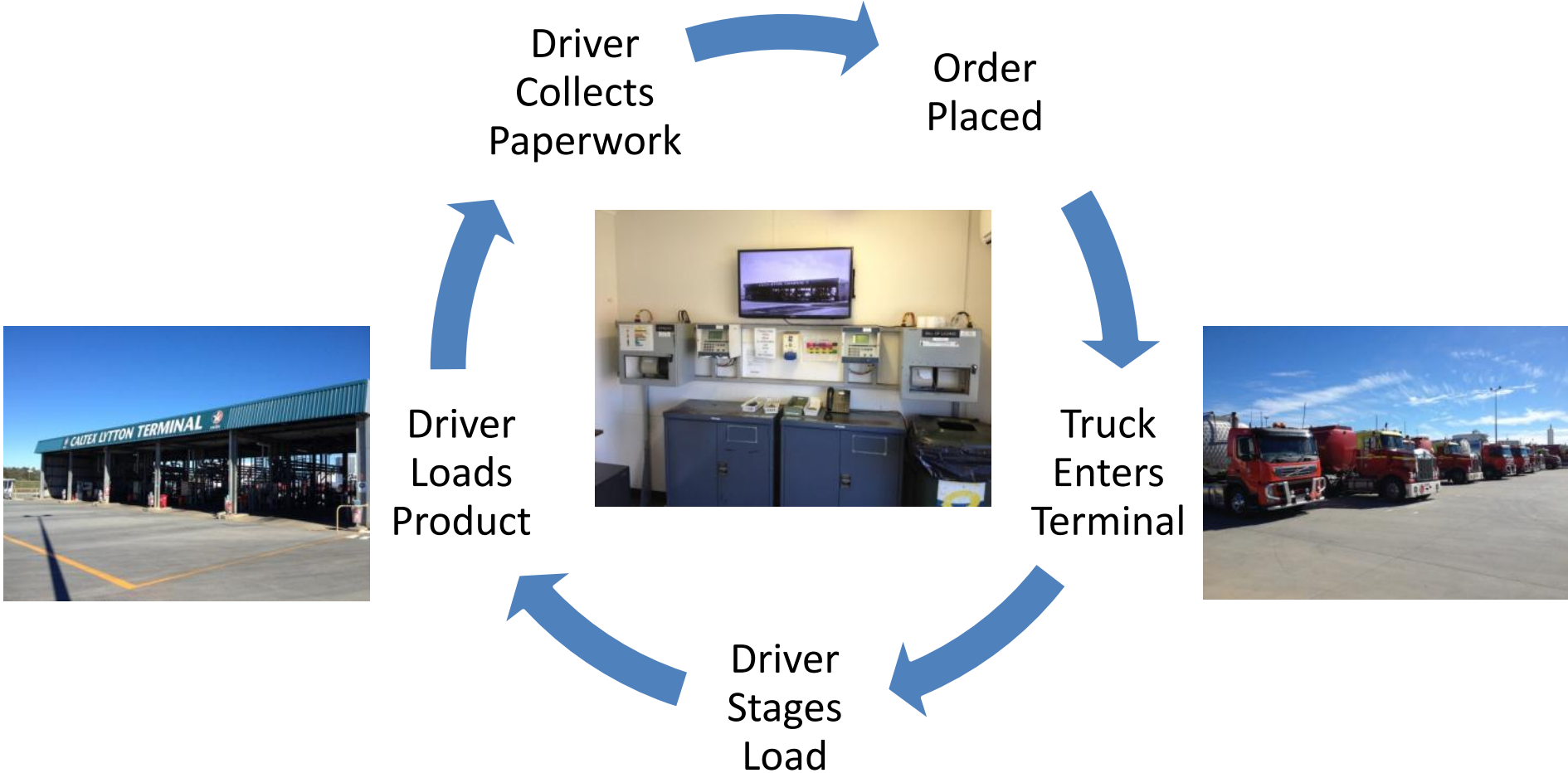
200 truck movements per day

8 million litres per day

*Our aim: to be the lowest cost, largest scale terminal, with the safest operations and the right product mix for our customers*



# The flow of a movement



# Supported by many systems

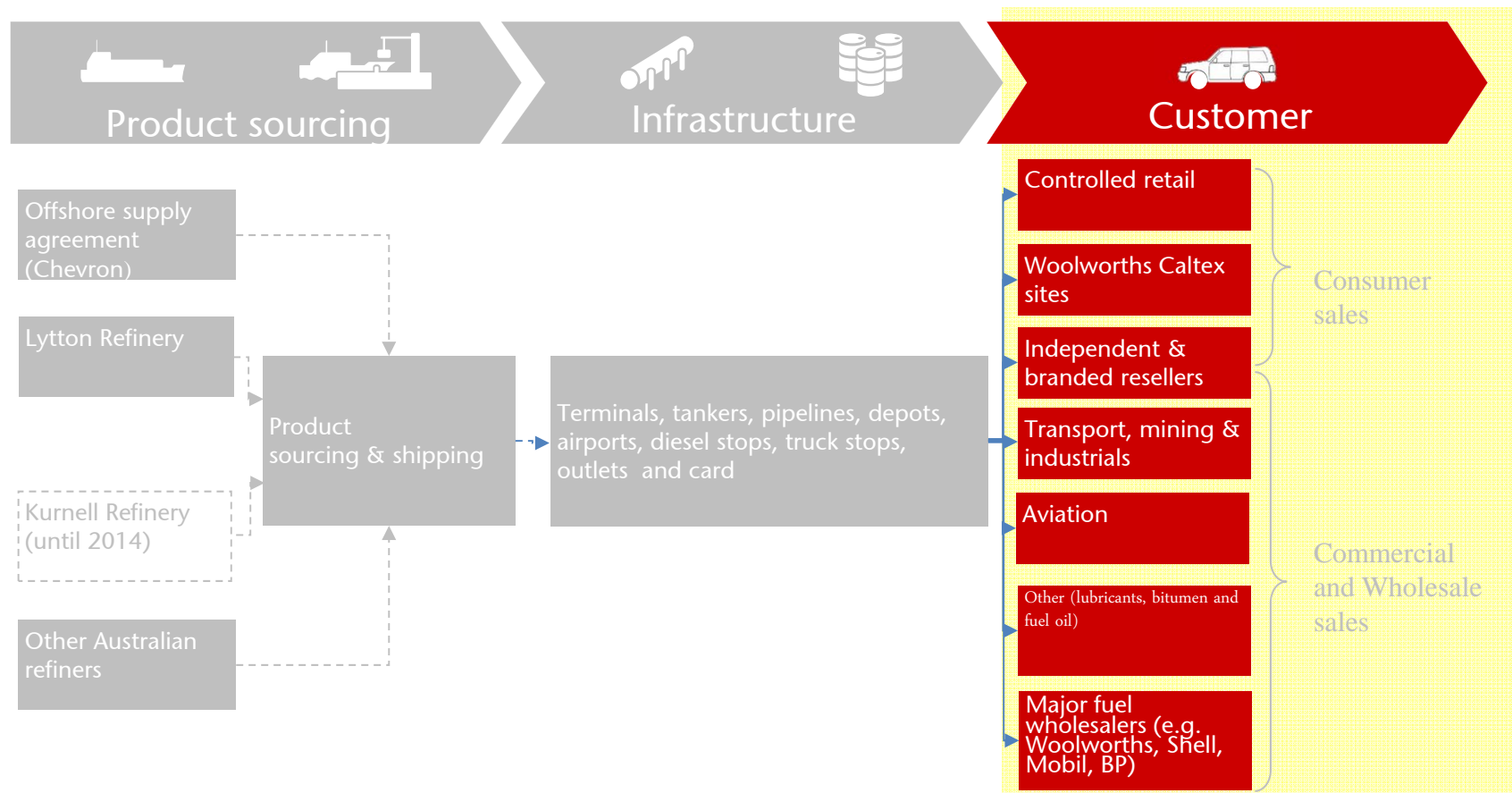


# Safety on the walk

- Safety Glasses, Vests
- Watch out for snakes and trucks
- Stay within the marked yellow pedestrian crossings
- If the alarm goes off all gates and doors in the facility will open. The muster area is in the car park. Stay close and follow your Caltex guide.
- No mobile phones, no lighters, no sources of ignition.



# Value chain – Customers



# Delivering specialised solutions for customers across all sectors and geographies



Aviation



Marine



Automotive



Mining



Specialties



Onsite Refuelling



Commercial



Oil & Gas



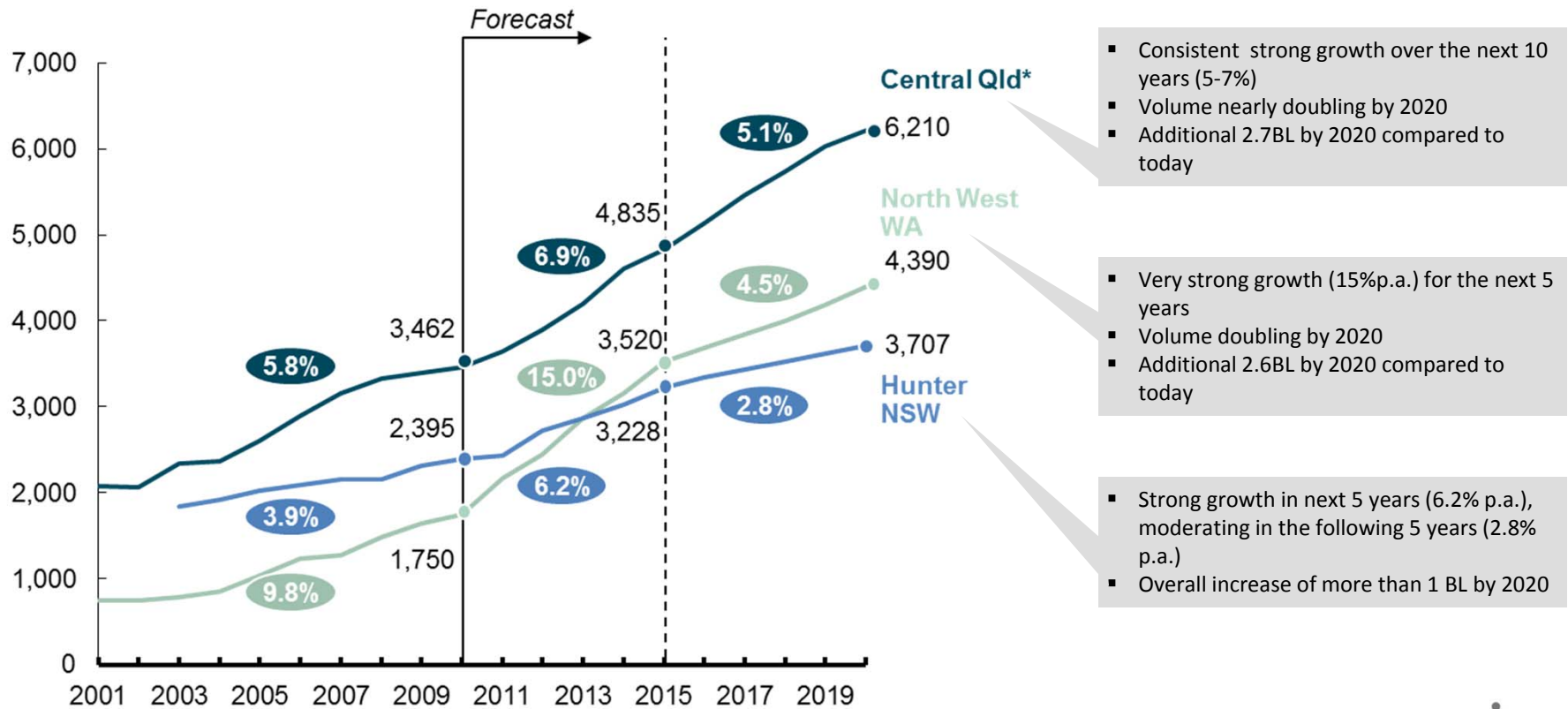
Government





# Resource sector diesel market size & growth

Growth in petroleum demand (predominantly diesel) across these hotspots is expected to more than double over the next 10 years from 7.6BL to 14.3BL



- Consistent strong growth over the next 10 years (5-7%)
- Volume nearly doubling by 2020
- Additional 2.7BL by 2020 compared to today

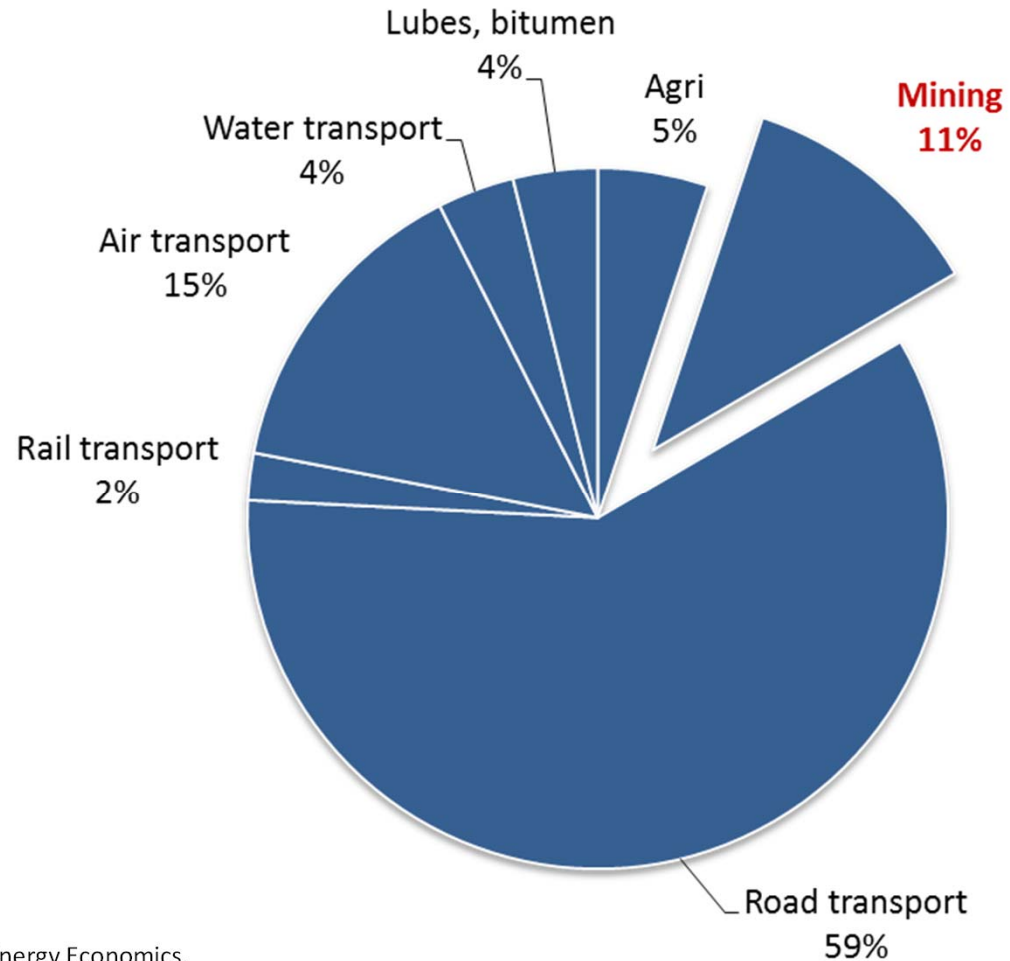
- Very strong growth (15%p.a.) for the next 5 years
- Volume doubling by 2020
- Additional 2.6BL by 2020 compared to today

- Strong growth in next 5 years (6.2% p.a.), moderating in the following 5 years (2.8% p.a.)
- Overall increase of more than 1 BL by 2020



## Australian transport fuels comprise 47 billion litres p.a, of this the mining sector consumes 5.17 billion litres

**Caltex holds approximately 43% share of the mining diesel market in QLD, predominantly in the Bowen Basin.**



Source: Energy in Australia, 2012, Bureau of Resources and Energy Economics.



## Supporting growth in key mining areas in Queensland

Our strategy in the Bowen Basin is focussed on providing additional distribution capacity into the area to manage peak demands and growth.

- The proposed Galilee basin coal projects could result in an additional demand for diesel in the order of 1.5 billion litres (650ML by 2020)
- Long term view is to move towards rail to transport fuel to mine sites. Currently, rail lines are at capacity and will need to be upgraded if they are to be used to transport fuel.
- Expanding presence in existing coal seam gas areas in the Surat and or Bowen Basins in south-west and central Queensland



Gladstone Port 2011



# Caltex is committed to regional Queensland

Through our leading reseller business we are supporting growth in new and challenging locations .



Depots



Bulk lubricants deliveries



Bulk Fuel deliveries



Agriculture



Onsite Refuelling



Diesel & truck stops



Service stations



Marine network



# Customer - Retail

- Supply to around 2,000 sites nationally
- Caltex-controlled Retail network
  - 96 x Company operated
  - 526 x Franchise operated
- Wholesale supply sites:
  - 483 x Woolworths Supply
  - 975 x Other
- Planned target growth\*:

	2013	2014	2015	2016
New to Industry / Caltex – Retail Sites	15	~20	~20	~20
New to Industry / Caltex – Diesel Stops (un-manned)	10-15	10-15	10-15	10-15
Knock Down Rebuild / Major upgrades	20	~25	~25	~25
<b>TOTAL</b>	45-50	~55-60	~55-60	~55-60



\*2014-16 estimated numbers only (subject to change)

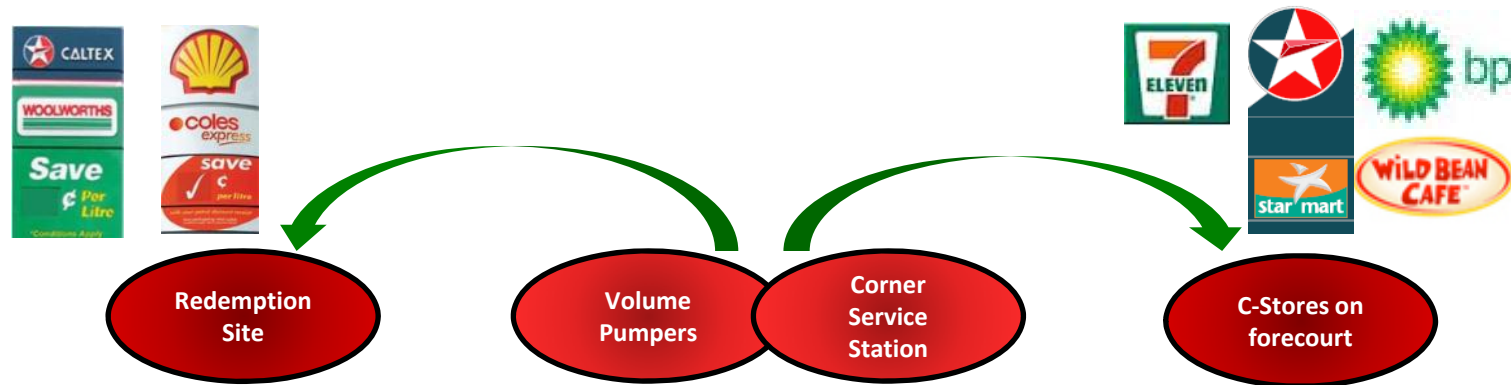


# Retail Customer Trends

- Strong growth in Premium Fuels: Vortex 95/98/Diesel
- Strong growth in passenger vehicle Diesel
- Lower ULP & E10 sales
- Time-poor Customers – Pay@Pump
- Fresh & Healthier Choices – 21CC
- Rewards Programs



# Redemption v Convenience



Target Customer	<ul style="list-style-type: none"> <li>• Motorist</li> <li>• Fuel focus</li> <li>• Redemption docket &amp; discount driven</li> </ul>	<ul style="list-style-type: none"> <li>• Motorist</li> <li>• Fuel focus</li> <li>• discount or value driven</li> </ul>	<ul style="list-style-type: none"> <li>• Motorist</li> <li>• Fuel focus</li> <li>• Location appeal</li> </ul>	<ul style="list-style-type: none"> <li>• Convenience</li> <li>• “one stop” shop</li> <li>• Premium in both fuels &amp; shop</li> </ul>
Characteristics	<ul style="list-style-type: none"> <li>• Not main focus</li> <li>• Shop sales</li> <li>• Fuel volumes</li> <li>• Fuel Strategy</li> <li>• Very high</li> <li>• Lowest price</li> </ul>	<ul style="list-style-type: none"> <li>• Low, not main focus</li> <li>• High</li> <li>• Discounter</li> </ul>	<ul style="list-style-type: none"> <li>• Medium</li> <li>• Medium</li> <li>• Mixed</li> </ul>	<ul style="list-style-type: none"> <li>• High</li> <li>• Medium/High</li> <li>• Competitive with focus on Premium fuels</li> </ul>
Strategy / Sustainability	<ul style="list-style-type: none"> <li>• Proximity to supermarket</li> <li>• Fuel discount subsidised by supermarkets</li> </ul>	<ul style="list-style-type: none"> <li>• Diminishing presence</li> </ul>	<ul style="list-style-type: none"> <li>• Format is challenged &amp; declining</li> </ul>	<ul style="list-style-type: none"> <li>• Strong location is critical</li> <li>• Convenience focus / innovative new offers</li> </ul>



# Retail Franchise Agreement

- Initial Franchise Fee  
(based on economic model)
- Occupancy Fee  
(monthly rental: based on earnings potential of site; not market value)
- Royalty on shop sales
- Commission Agency Fuel  
(Caltex owns fuel until dispensed into motor vehicle)
- 5 year + 5 year tenure  
(maximum 4 sites)
- Comprehensive Franchisee Recruitment & Selection process





# Growth



## Our earnings growth will come from a diverse suite of opportunities across our core business

GROW	TRANSFORM	IMPROVE
<ul style="list-style-type: none"> <li>• Commitment to grow Marketing &amp; Distribution</li> <li>• Target high growth channels / geographies / products</li> <li>• Continue to build and leverage import infrastructure</li> <li>• Infrastructure services to the sector (e.g. Kurnell terminal)</li> <li>• Accelerate network expansion (e.g. Diesel stops)</li> <li>• New to industry sites</li> <li>• Accelerate site upgrade programme (to 21CC format)</li> <li>• Targeted M&amp;A to fill network gaps (e.g. bolt on's)</li> <li>• Targeted M&amp;A to grow in adjacent businesses (e.g. Bailey's marine) and under-represented geographies (e.g. WA reseller)</li> </ul>	<ul style="list-style-type: none"> <li>• Kurnell closure on track for 2H2014</li> <li>• Conversion to Australia's leading import terminal (end 2014)               <ul style="list-style-type: none"> <li>- 27 sub-projects (no individual project &gt;\$50m)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Lytton (Brisbane) Refinery               <ul style="list-style-type: none"> <li>- Operational improvements</li> <li>- Targeted investments requiring quick payback under consideration (decision end Q2/Q3 2013)</li> <li>- Lytton to supply 20-25% of future needs</li> <li>- Maintains contestability versus imported product, buy-sell arrangements</li> <li>- Commercially more viable than Kurnell</li> </ul> </li> </ul>



# Growth & Efficiency: Queensland Opportunities

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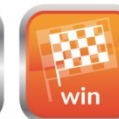
- Targeted investment: Lytton Refinery; closing the gap
- Targeted high growth channels/regional markets
- Supporting resource-driven growth: willingness and ability to invest alongside existing Retail network
- Accelerate network expansion: New to Industry & New to Caltex sites
- Site Upgrade program
- Consider modest bolt-on acquisitions and/or adjacent opportunities where strategically/financially sensible



# Queensland infrastructure investments (last 3 years)

*Caltex is committed to serving its Queensland based customers by offering a strong integrated supply chain ensuring security and reliability of supply*

- Mackay Terminal
  - Gladstone Terminal
  - Acquired Mobil's 50% interest at Gladstone terminal
  - Maintenance capital expenditure at Lytton refinery (average \$65 million per annum)
- } \$20m – \$30m



## Queensland retail investments (last 3 years)

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- New and/or upgraded retail service stations (7)  
(range: \$1.5 million - \$4.0 million per site)
- New commercial diesel stops (5)  
(typical range: \$1.5 million - \$2.5 million per site)
- Bailey's Marine – Queensland locations (part of 2011 \$20m acquisition)



**Our energy fuels a brighter future.**



**CALTEX**