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ASX ANNOUNCEMENT



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Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED
CALTEX REFINER MARGIN UPDATE (MAY 2014)

An *ASX Release* titled "Caltex Refiner Margin Update (May 2014)" is attached for immediate release to the market.

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Company Secretary

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Attach.

ASX Release

For immediate release

19 June 2014

Caltex Refiner Margin Update (May 2014)

Caltex advises its realised lagged¹ Caltex Refiner Margin (CRM²), in respect of CRM sales from production for the month of May 2014.

	May 2014	April 2014	May 2013
Unlagged CRM	US\$9.41/bbl	US\$11.18/bbl	US\$8.85/bbl
Impact of 7 day lag positive/(negative)	US\$0.29/bbl	US(\$0.67)/bbl	US(\$3.10)/bbl
Realised CRM	US\$9.70/bbl	US\$10.51/bbl	US\$5.75/bbl
CRM Sales from production	862ML	957ML	829ML

The May unlagged CRM was US\$9.41/bbl. This is below the prior month (April 2014: US\$11.18/bbl) but higher than the prior year equivalent (US\$8.85/bbl). Regionally, the unlagged Caltex Singapore Weighted Average Margin was US\$12.12/bbl, lower than the prior month (April 2014: US\$14.52/bbl) and prior year (May 2013: US\$13.53/bbl).

The lower gasoline and diesel prices (partly offset by higher Brent and lower AUD/USD exchange rate) in the last week of May, drove a favourable US\$0.29/bbl seven day timing lag (April unfavourable: US(\$0.67)/bbl).

May 2014 realised CRM was US\$9.70/bbl, below April 2014 of US\$10.51/bbl, but above the prior year comparative (May 2013: US\$5.75/bbl).

Sales from production in May 2014 (862ML) were higher than prior year (May 2013: 829ML), but 10% below the preceding month (957ML).

For the five months from 1 January 2014 to 31 May 2014, the average realised CRM was US\$9.32/bbl (2013: US\$11.66/bbl) with CRM sales from production totalling 4,557ML (2013: 4,273ML).

Period end 31 May	YTD 2014	YTD 2013
Realised CRM	US\$9.32/bbl	US\$11.66/bbl
Unlagged CRM	US\$8.94/bbl	US\$11.76/bbl
CRM Sales from production	4,557ML	4,273ML

Notes

1. A fall in the Australian dollar crude price, particularly at the latter end of the month produces a positive lag effect on the CRM (i.e. increases the CRM) and, conversely, in the event of a rise in the Australian dollar crude price, a negative lag effect occurs (i.e. reduces the CRM).
2. 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 is calculated in the following manner:

Weighted Singapore product prices (for a standard Caltex basket of products)

Less: Reference crude price (from 1 January 2011 the Caltex reference crude marker is Dated Brent)

Equals: Singapore Weighted Average Margin (Dated Brent basis)

Plus: Product quality premium
Crude discount
Product freight

Less: Crude premium
Crude freight
Yield Loss

Equals: Caltex Refiner Margin

The Caltex Refiner Margin is converted to an Australian dollar basis using the prevailing average monthly exchange rate.

CRM is just one contributor to the Replacement Cost Operating Profit (RCOP) EBIT earnings (excluding significant items). Other items contributing to the RCOP EBIT include Transport Fuels Marketing volume and margin, Lubricants and Specialties volume and margin, Non-Fuel Income and Other Margin less Operating Expenses.

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