BY ELECTRONIC LODGEMENT **ASX ANNOUNCEMENT**

CALTEX AUSTRALIA LIMITED
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SYDNEY NSW 2000 AUSTRALIA

26 June 2014

Company Announcements Office

Australian Securities Exchange

CALTEX AUSTRALIA LIMITED

2014 HALF YEAR PROFIT OUTLOOK

An *ASX Release* titled “2014 half year profit outlook” is attached for immediate release to the market.

Peter Lim

Company Secretary

Phone: **(02) 9250 5562 / 0414 815 732**

Attach.

CALTEX

Caltex Australia

ASX Release

For immediate release
Thursday, 26 June 2014

2014 half year profit outlook

Key points:

- **Half year Historic Cost Profit (HCOP) outlook $150 million - $170 million**
- **Half year Replacement Cost Operating Profit (RCOP[1]) outlook $155 million - $175 million**
- **Marketing growth continues - EBIT up 7-8% from 1H 2013 to $390 million - $395 million (underlying growth ~ 5%)**
- **The impact of the Kurnell conversion on refinery operations will contribute to a Refining and Supply first half loss of approximately $65 million - $85 million**
- **Kurnell conversion remains on schedule – refinery expected to close 4Q 2014**

Results summary	**Half year ending 30 June**	
	2014 outlook $M	**2013 $M**
Historic Cost Profit after tax	**150 - 170**	195
RCOP profit:		
After tax	**155 - 175**	171
Before interest and tax	**265 - 295**	284

Historic Cost Profit

On an Historic Cost Profit basis, Caltex expects an after tax profit in the range of $150 million to $170 million for the half year ending 30 June 2014. The half year outlook includes forecast product and crude oil inventory losses of approximately $5 million after tax, compared with product and crude oil inventory gains of $24 million after tax for the half year to 30 June 2013.

Replacement Cost Operating Profit

On a Replacement Cost Operating Profit (RCOP) basis, Caltex forecasts an after tax profit of $155 million to $175 million for the first half of 2014. This compares with $171 million for the first half of 2013.

Marketing performance

Marketing is expected to deliver an EBIT result of between $390 million - $395 million for the first half of 2014, compared with $365 million for the same period in 2013. The first half 2013 Marketing result included two one-off impacts (the significant fall in the Australian dollar and the Sydney premium gasoline interruption) of approximately $11 million. After normalising for these events, Marketing continues to deliver strong underlying earnings growth of about 5%. The first half forecast result excludes the earnings impact of the Scott's Fuel acquisition, which was completed on 4 June 2014, and the Sydney bitumen business, which was sold in December 2013.

[1] The Replacement Cost Operating Profit (RCOP) excludes the impact of the fall or rise in oil prices (a key external factor) and presents a clearer picture of the company's underlying business performance. It is calculated by restating the cost of sales using the replacement cost of goods sold rather than the historical cost, including the effect of contract based revenue lags.

Sales volumes of high value transport fuels are expected to be approximately 8 billion litres, an increase of 4% on the prior corresponding period (7.8 billion litres). After normalising for the Sydney premium gasoline interruption in 2013, volume growth is expected to be approximately 3.5%. Higher sales of premium grades of petrol and diesel, and jet fuel have offset the long term decline in demand for unleaded petrol including E10.

Refining and Supply performance

Refining and Supply is expected to make a first half RCOP EBIT loss of between $65 million - $85 million, which is greater than the prior corresponding period RCOP EBIT loss of $43 million. This result includes a number of one-off Kurnell refinery production impacts as Kurnell makes the transition from refining operations to a leading import terminal. These impacts to Kurnell production mix and yield were anticipated and are the natural result of operational constraints during the shutdown and conversion process. The Kurnell conversion project continues to progress to plan. The refinery has made its final crude oil purchase and remains on track to cease final operations in the fourth quarter of 2014.

Operationally, production of transport fuels will be approximately 5.3 billion litres for the first half of 2014 (1H 2013: 5.1 billion litres). The increase is due to improved Lytton refinery production, which has been supported by strong operational and yield performance. The improved Lytton production has been offset by lower production from Kurnell refinery due to the conversion process.

The Singapore Weighted Average Margin is forecast to be approximately US$12.80/bbl for the first half of 2014, compared to US$14.52/bbl in the prior corresponding period. The average realised Caltex Refiner Margin (CRM) for the six months to 30 June 2014 is forecast to be approximately US$9.00/bbl. This is below the prior year equivalent of US$11.76/bbl. The impact of the lower CRM during the first half is expected to be largely offset by favourable foreign exchange movements and the 7 day lag.

Debt position

Net debt at 30 June 2014 is forecast to be approximately $800 million, compared with $729 million at 30 June 2013.

Notes

The forecast results for the 2014 half year are subject to audit and normal period end close processes.

The forecast results are premised on an AUD/USD exchange rate at 30 June 2014 of 93 cents, a June average realised CRM of US$7.80/bbl, with the Dated Brent crude benchmark averaging US$112.00/bbl for June.

Any changes in key externalities such as the AUD/USD exchange rate, refiner margins and crude oil prices from those assumed in the profit outlook can have material impacts on both the RCOP and historic cost results for the half year.

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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.