BY ELECTRONIC LODGEMENT **ASX ANNOUNCEMENT**

CALTEX AUSTRALIA LIMITED
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Company Announcements Office

Australian Securities Exchange

CALTEX AUSTRALIA LIMITED

2014 FULL YEAR PROFIT OUTLOOK

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

Peter Lim

Company Secretary

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Attach.

CALTEX

Caltex Australia

ASX Release

For immediate release

Thursday 11 December 2014

2014 full year profit outlook

Key points:

- **Full year historic cost profit after tax (HCOP) outlook $90 million - $110 million, including significant items**
- **Full year RCOP[1] NPAT outlook $450 million - $470 million, excluding significant items**
- **Another record Marketing result, with Marketing EBIT forecast to increase approximately 6% to around $810 million**
- **Strong Lytton refinery operational performance and net favourable externalities underpin improved Refining and Supply result**
- **Significant items of approximately $110 million (loss after tax), relating to the previously announced company-wide cost and efficiency ("Tabula Rasa") review**
- **Net debt forecast to be approximately $650 million, reflecting working capital reductions following the closure of Kurnell and the favourable impact of lower crude oil prices**

Results guidance	**Full Year ended 31 December**	
	2014 outlook	**2013**
Historic Cost result after tax	**$M**	**$M**
Including significant items	**$90-110**	**$530**
Excluding significant items	**$200-220**	**$504**
RCOP result:		
After tax		
Excluding significant items	**$450-470**	**$332**
Before interest and tax		
Excluding significant items	$735-765	$551

Historic cost profit

On an historic cost profit basis, Caltex expects an after tax profit in the range of $90 million to $110 million for the 2014 full year, including a loss relating to significant items of approximately $110 million after tax. This compares with the 2013 full year profit of $530 million. The 2014 outlook includes a forecast product and crude oil inventory loss of approximately $250 million after tax, which reflects the recent significant fall in Brent crude oil prices. This compares with an inventory gain of $172 million after tax in 2013.

Replacement Cost Operating Profit (RCOP)

On an RCOP basis, Caltex forecasts an after tax profit for the 2014 full year of $450 million to $470 million, excluding significant items. This outlook compares with an RCOP after tax profit of $332 million for the 2013 full year, excluding significant items. The overall result reflects another record Marketing profit and the impact of favourable externalities, which have benefitted the Refining &

[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.

Supply result. An excellent operational performance enabled the Lytton refinery to take advantage of the strong external environment, with record production of transport fuels.

Marketing performance

Marketing is expected to deliver another record EBIT result of approximately $810 million, up 6% on a record 2013 result ($764 million). This strong result is expected to be achieved despite the loss of earnings from the Sydney bitumen business, which was divested in December 2013.

Marketing continues to focus on its core strategy of driving sales of premium fuels (including Vortex Diesel). Higher sales of premium grades of petrol and diesel, and jet fuel, continue to offset the long term decline in demand for unleaded petrol, including E10. The increased penetration of premium Vortex products has been underpinned by continued investment in growth, including new retail service stations and diesel stops, and the refurbishment of existing service stations.

Recent acquisitions, such as the Queensland Fuel Group in 2013 and the Scott's Fuel Divisions, which was completed in June 2014, have also contributed to the strong Marketing forecast result.

Refining & Supply

Refining & Supply is expected to make an EBIT contribution of between $10 million to $30 million for the 2014 full year. This compares with an EBIT loss of $171 million for 2013, and a 2014 first half loss of $65 million. The 2014 forecast result has benefitted from the impact of favourable externalities, particularly in the fourth quarter of the year. A strong operating performance by the Lytton refinery enabled the refinery to take advantage of these favourable conditions.

As previously announced, the Kurnell refinery was successfully shut down and terminal operations commenced in October, a significant milestone in the $270 million project to convert the historic refinery site to Australia's largest fuel import terminal. The project remains on-time and on-budget with modest capex (around $50 million) remaining to be spent in 2015. The Kurnell refinery is forecast to generate a 2014 EBIT loss of approximately $75 million.

Externalities

The realised Caltex Refiner Margin (CRM)[2] is forecast to average approximately US$12.00/bbl for the 2014 full year. The strong July to November 2014 average CRM of US$15.20/bbl compares favourably with the 2014 first half (US$9.20/bbl) and the 2013 full year (US$9.34/bbl). The sharp decline in Brent crude oil prices in recent weeks has been a major contributor to the stronger refiner margin in the second half as product prices have not fallen as quickly as the crude price.

The recent strength in refiner margins is not expected to persist given new supply additions in the region and the expectation is that product prices will adjust downwards, reflecting the fall in crude prices.

The fall in the Australian dollar has had a favourable impact on the Australian dollar denominated refiner margin, but is expected to result in a net loss after hedging on US dollar payables of approximately $30 million (before tax). On 1 August 2014 the company changed its policy of hedging outstanding US dollar payables from 50% to 80%, which mitigates the impact of the fall in the Australian dollar.

Debt position

Net debt at 31 December 2014 is forecast to be around $650 million, compared with $827 million at 30 June 2014 and $742 million at 31 December 2013. The lower forecast debt includes lower working capital levels following the closure of the Kurnell refinery, as well as the favourable impact of the lower crude price.

Notes

The forecast results for the 2014 full year are unaudited.

The forecast results assume a December year end AUD/USD exchange rate of 83 cents, a December average realised CRM of US$19.00/bbl and an average Dated Brent crude oil benchmark price of US$65/bbl for December. The recent volatility in crude oil prices and the AUD/USD exchange rate

[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.

has materially impacted the forecast result and cashflow, and the company advises that even small changes in these key externalities during the balance of the month of December 2014 can materially affect both the RCOP and historic results for the full year.

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