

BY ELECTRONIC LODGEMENT

ASX ANNOUNCEMENT



**CALTEX AUSTRALIA LIMITED**  
**ACN 004 201 307**

**LEVEL 24, 2 MARKET STREET**  
**SYDNEY NSW 2000 AUSTRALIA**

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4 December 2015

Company Announcements Office  
Australian Securities Exchange

**CALTEX AUSTRALIA LIMITED**  
**2015 INVESTOR DAY PRESENTATION MATERIALS**

A copy of the presentations to be made by Adam Ritchie, Executive General Manager, Supply, Louise Warner, President, Ampol Singapore, Jeff Etherington, Group Treasurer and Rohan Gallagher, Head of Investor Relations, as part of Caltex Australia Limited's 2015 Investor Day on 4 December 2015 is attached for immediate release to the market.

A handwritten signature in black ink, appearing to be "Peter Lim", written in a cursive style.

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

# Introduction to Ampol Caltex Investor Day

4 December 2015



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# Key objectives

- To understand the commercial necessity to establish Ampol Singapore
- How Ampol Singapore works within Caltex's integrated value chain
- Decisions made when looking to source crude / product requirements
- Importance of shipping as an enabler for distributing transport fuel
- Gain a sense of scale, complexity and opportunities within our sourcing and infrastructure functions
- Visit Australia's leading import terminal (Kurnell)
- Understand associated risk management practices
- Exposure and access to Caltex senior management



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# Agenda

- Session 1:** Introduction, OE Moment,  
Disclosure to date  
Australian Transport Fuels Market  
The Role of Ampol Singapore  
The Trading and Shipping Industry  
Ampol as part of Caltex's integrated  
value chain  
The Ampol Organisation  
Financial Risk Management,  
Governance and Controls
- Session 2:** Kurnell site visit (optional)



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# Session 1 schedule

# Ampol Singapore

9.45am	Registration
10.00am - 10.20am	Introduction, OE Moment, Disclosure to date
10.20am - 11.05am	Australian Transport Fuels Market The Role of Ampol Singapore The Trading and Shipping Industry
11.05am - 11.15am	Break
11.15am - 12.00 pm	Ampol as part of Caltex's integrated value chain The Ampol Organisation
12.00pm - 12.15pm	Risk Management
12.15pm - 12.30pm	General Q&A
12.30pm - 1.00pm	Casual lunch with Caltex senior management



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# Housekeeping

- Presentation materials
  - lodged with ASX
- Mobile phones
- Video / transcript
- Restrooms / Quiet Room
- In the event of an emergency
- Financials



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Kurnell site visit (optional)



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# Presenter

**Andrew Brewer**

Executive General Manager (EGM) Supply Chain Operations



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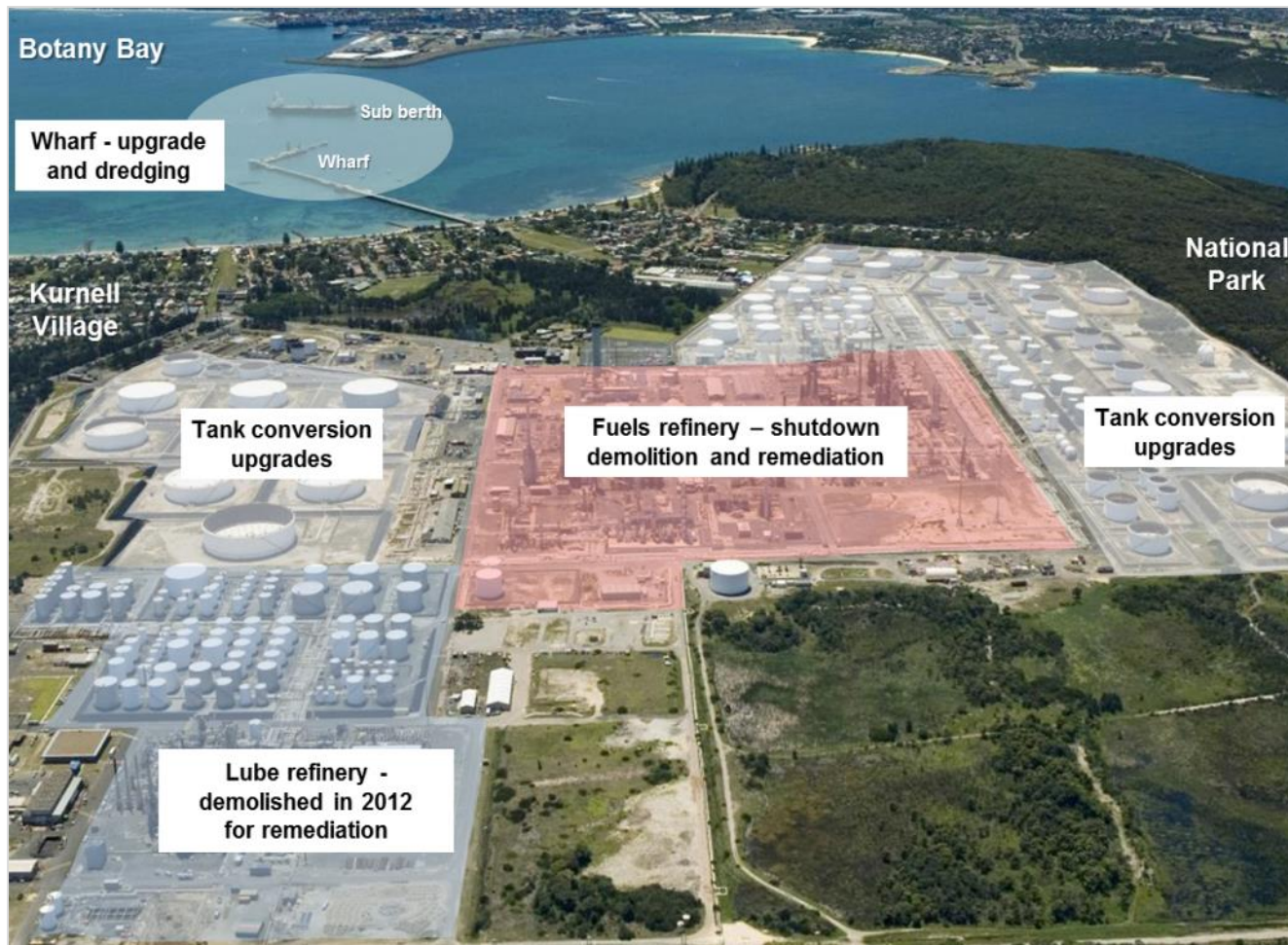


# Kurnell Conversion - among Caltex's largest ever projects

The two and a half year conversion of Kurnell refinery to an import terminal involved work inside the refinery as well as work at the wharf and sub berth

## To:

- Provide flexibility to import fuel products in a broader range of ship sizes
- Reconfigure the site to import and store fuel products in place of crude oil



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# Wharf upgrades - critical for successful terminal operation

- As the only point of import for Caltex in NSW, Kurnell's wharf and sub berth are critical for ensuring fuel supply to NSW and ACT
- The safe, on budget and to schedule completion of the wharf upgrades ensures Kurnell terminal is able to continue to safely and reliably supply our customers
- The upgrade also delivers a substantial increase in the capacity, flexibility and efficiency of the Kurnell terminal wharf and sub berth

Dredging



Hydraulic loading arms



Twin mooring buoy



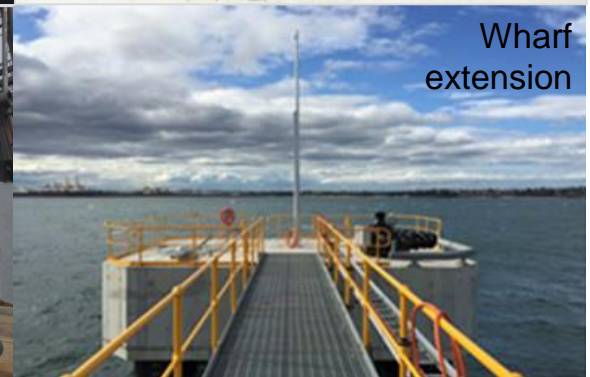
Quick release hook



Sub berth manifold



Wharf extension



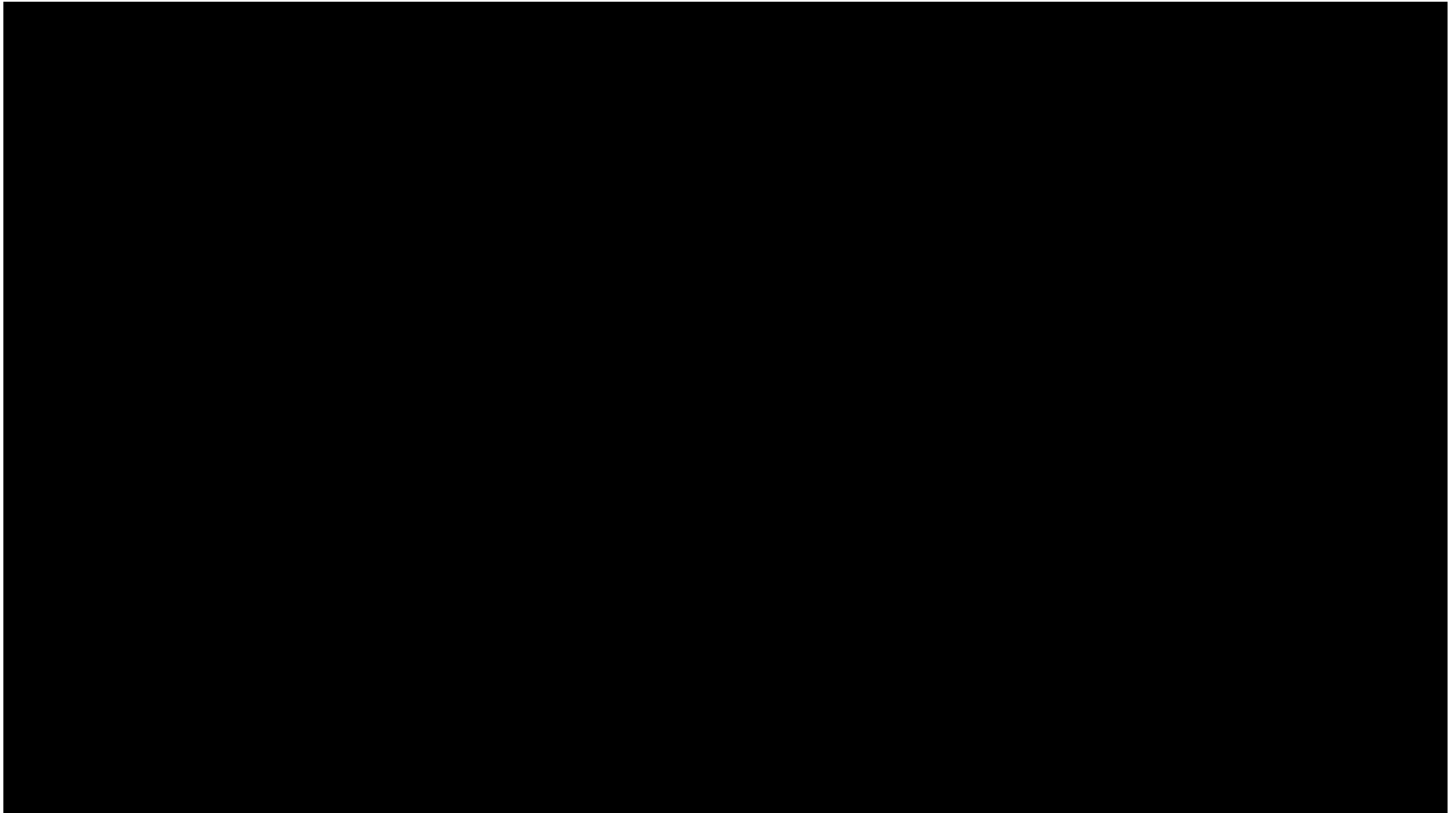
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# Kurnell's first LR2 ship successfully berthed in November

Video – Kurnell's first LR ship



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Kurnell site visit (optional)



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# Ampol Singapore disclosure to date – Building capabilities

- Established in late 2013, with ramp up of capabilities and activities during 2014 prior to closure of Kurnell refinery
- Activity in Ampol has increased significantly following the closure of Kurnell in October 2014, as well as the commencement of the previously announced BP supply deal in SE Queensland towards the end of the first half 2015
- Ampol is now accountable for sourcing all crude, feedstock and refined product imports
- Ampol sourced more than 45 million barrels of crude, feedstock and refined product in the first half of 2015
- Counterparties include refiners across the region, traders and integrated oil companies (including Chevron)
- Ampol continues to expand and improve its capabilities to optimise the integrated value chain, in line with the company strategy. This includes leveraging our infrastructure positions (e.g. Kurnell terminal)



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Kurnell site visit (optional)



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# Presenters

**Adam Ritchie**

Executive General Manager (EGM) Supply






**Louise Warner**

President of Ampol Singapore



# Australian Market

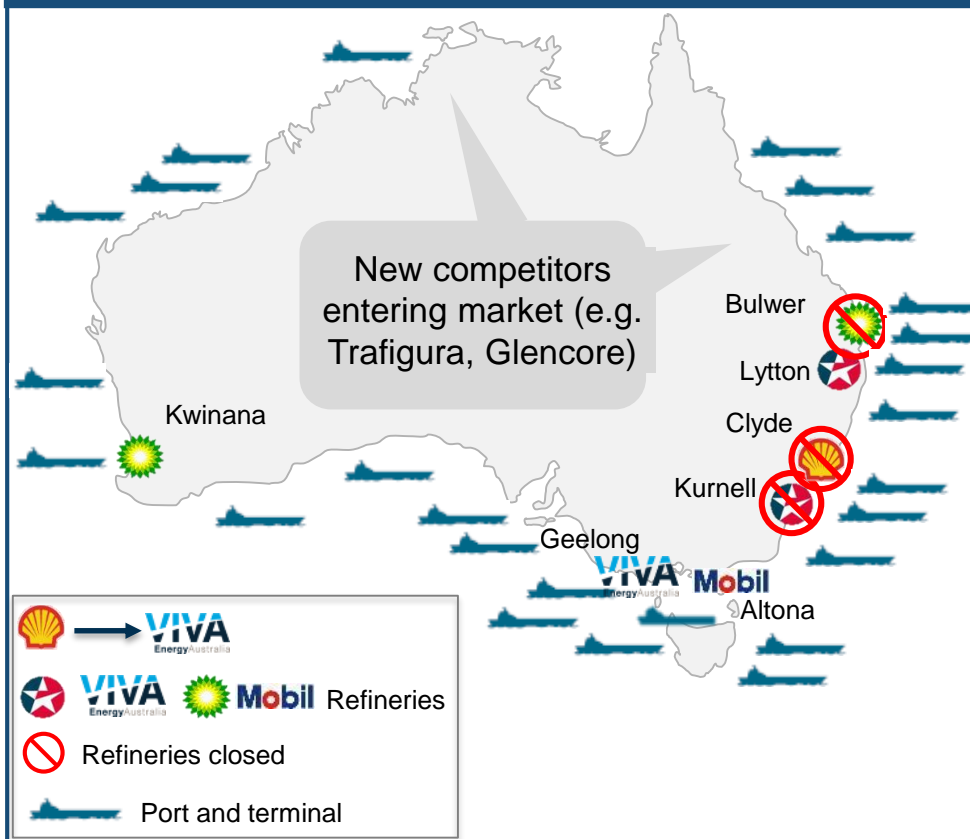
The Australian transport fuels market has undergone significant transformation in the last five years

	Oil markets established in Australia (1940s-1980s)	Consolidation (1980s-2000s)	Refining phase-out and new competition (2010+)
<p><b>Market Dynamics</b></p>	<ul style="list-style-type: none"> <li>• Strong market growth as consumer and industry use of petroleum products increased</li> <li>• Refineries built, designed to run domestic crudes</li> </ul>	<ul style="list-style-type: none"> <li>• Industry deregulation</li> <li>• Mergers occur, small refineries close, leaving four similar competitors</li> <li>• Local production closely matches market demand</li> <li>• Short-term profitability for refining after Clean Fuels</li> </ul>	<ul style="list-style-type: none"> <li>• Imports increase on the back of market demand increases (strong Australian economy)</li> <li>• Strong AUD plus small scale, results in refineries closing</li> <li>• Larger Australian short and flat global economy attracts new competitors, including global traders and North Asian refiners</li> </ul>
<p><b>Key players</b></p>			

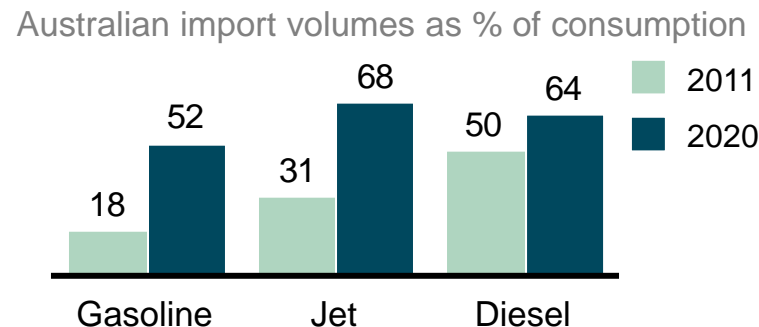
# Australian Market

Decline in local refining has transformed Australia into one of the two largest import markets in Asia

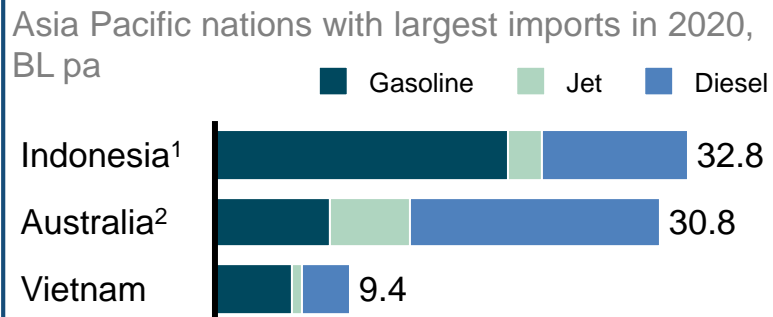
Domestic production is declining and new trading focused competitors are entering...



...as a result, Australian Gasoline, Jet and Diesel imports have grown significantly...



...and Australia will be one of the two largest shorts in the Asia-Pacific region



1. Does not factor in planned refineries with potential to open by 2020

SOURCE: FGE Asia Pacific Forecasts 2012; Australian Institute of Petroleum; Internal analysis



# Australian Market

The increasing imports of gasoline, jet and diesel are sourced from regional export hubs, including Singapore, North Asia and India

Australia's major import shipping routes: PETROLEUM PRODUCTS



Source: Australian Institute of Petroleum



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Kurnell site visit (optional)



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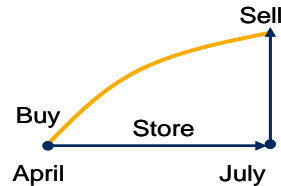
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# The Trading and Shipping Industry

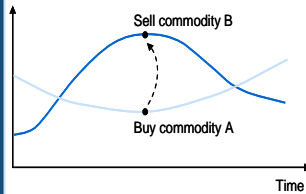
Exploiting arbitrage opportunities is a key value driver for traders

## Time arbitrage



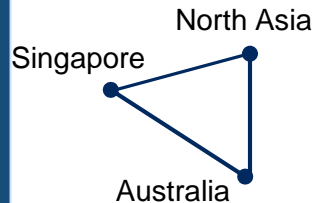
- Strategy to profit from price differentials between different maturities and storage

## Quality arbitrage



- Strategy to profit from price differentials between commodities that can be converted or substituted

## Geographic arbitrage



- Strategy to profit from price differentials between geographic locations via transportation

- To identify and capture opportunities, traders typically locate themselves in all of the global Trading hubs
- Historically dominated by trading houses, but now other participants are looking to be more actively involved in trading activities



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# The Trading and Shipping Industry

In order to drive value from arbitrage and system optimisation, Shipping is a key enabler for the trading activity

## Chartering



- Commercial negotiations between ship owners and charterers

## Operations



- Management of cargo and shipping conditions from load location to discharge location to maximize value

## Marine Assurance



- Technical governance of the end-to-end shipping activity, to avoid shipping incidents

- Shipping is considered a traded market in its own right
- For a Trading company, the activity is considered an enabler
- Careful commercial, operational and technical management of shipping is required to avoid high costs in the supply chain through routine activities or incidents



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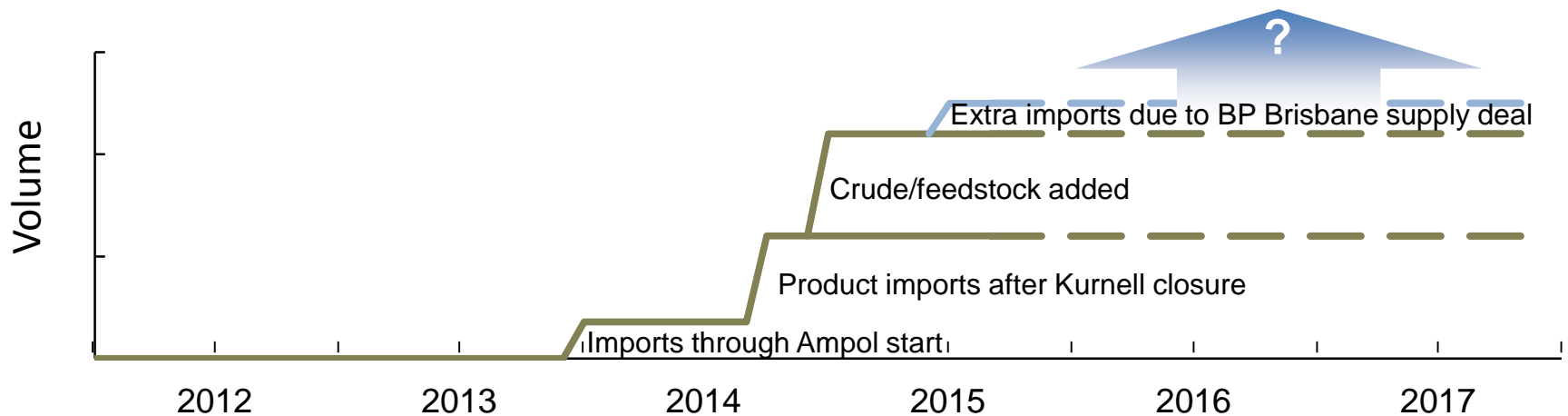
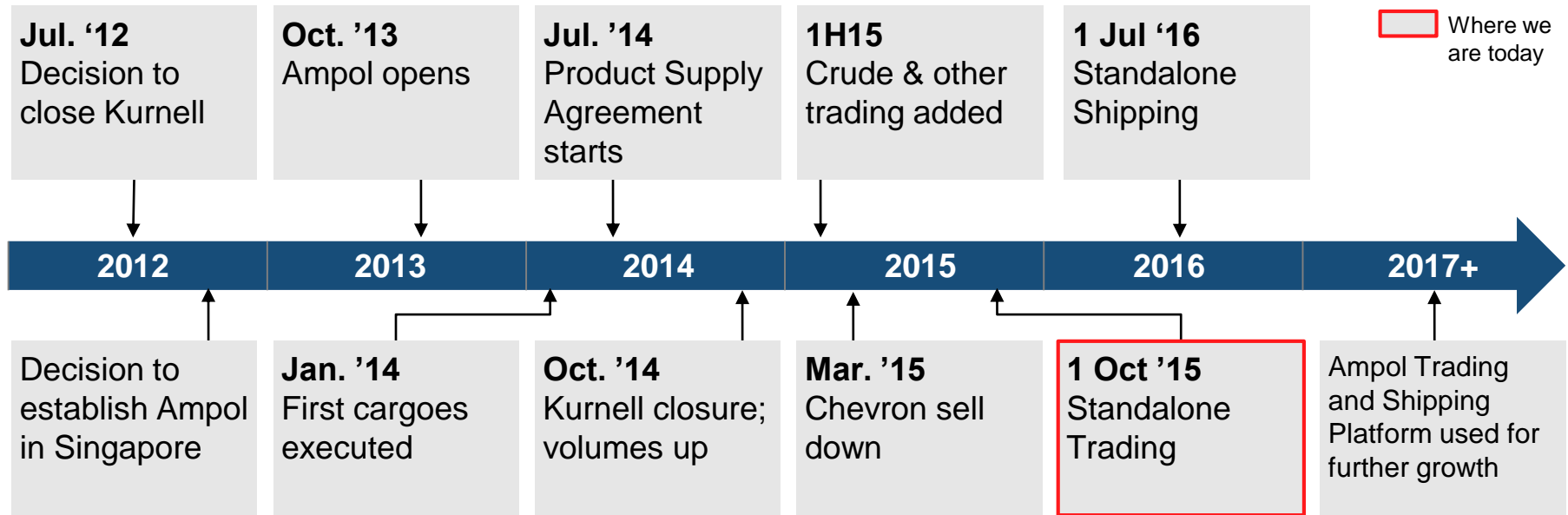
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# The Role of Ampol Singapore

Ampol was established as part of Caltex's decision to close Kurnell refinery



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# The Role of Ampol Singapore

Ampol is a critical part of delivering the Caltex strategy

## CALTEX'S VISION

 Primary Role

 Secondary impact

Outright leader in transport fuels across Australia

## MEASURE OF SUCCESS

Safely and reliably deliver top quartile total shareholder returns

## KEY STRATEGY PILLARS

Superior supply chain		Comprehensive targeted offer to customers across products, channels and geographies			Organisational Competitiveness			Corporate Growth
Enhance competitive product sourcing	Enhance competitive infrastructure	Grow retail sales	Grow commercial and wholesale sales	Seed future growth options	Cost efficient and effective	Capital efficient and effective	VCO	Long-term growth options

## KEY SOURCES OF COMPETITIVE ADVANTAGE

Understanding and management of risk; relentless pursuit of Operational Excellence	Highly capable organisation	Competitive and reliable supply of each product into each key geography	Large scale, cost competitive terminal, pipeline, depot and fleet infrastructure in each geography	Scale across the value chain, anchored by key customer portfolio	Comprehensive network of outlets, profitable franchise network, leading fuel card offer and Brand	Cost and Capital efficient
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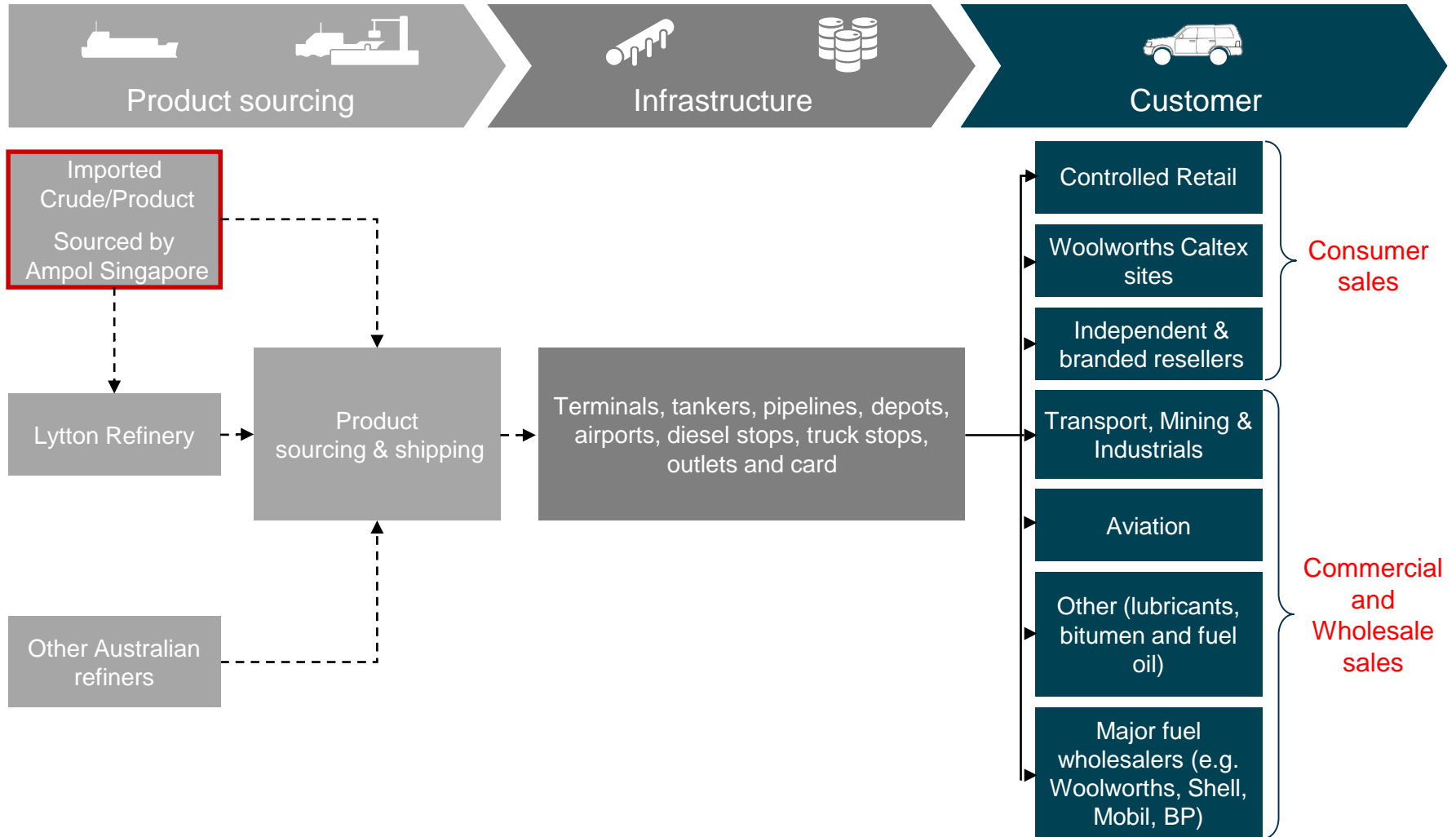
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# The Role of Ampol Singapore

Ampol is the Trading & Shipping organisation for Caltex, and a key part of its integrated value chain



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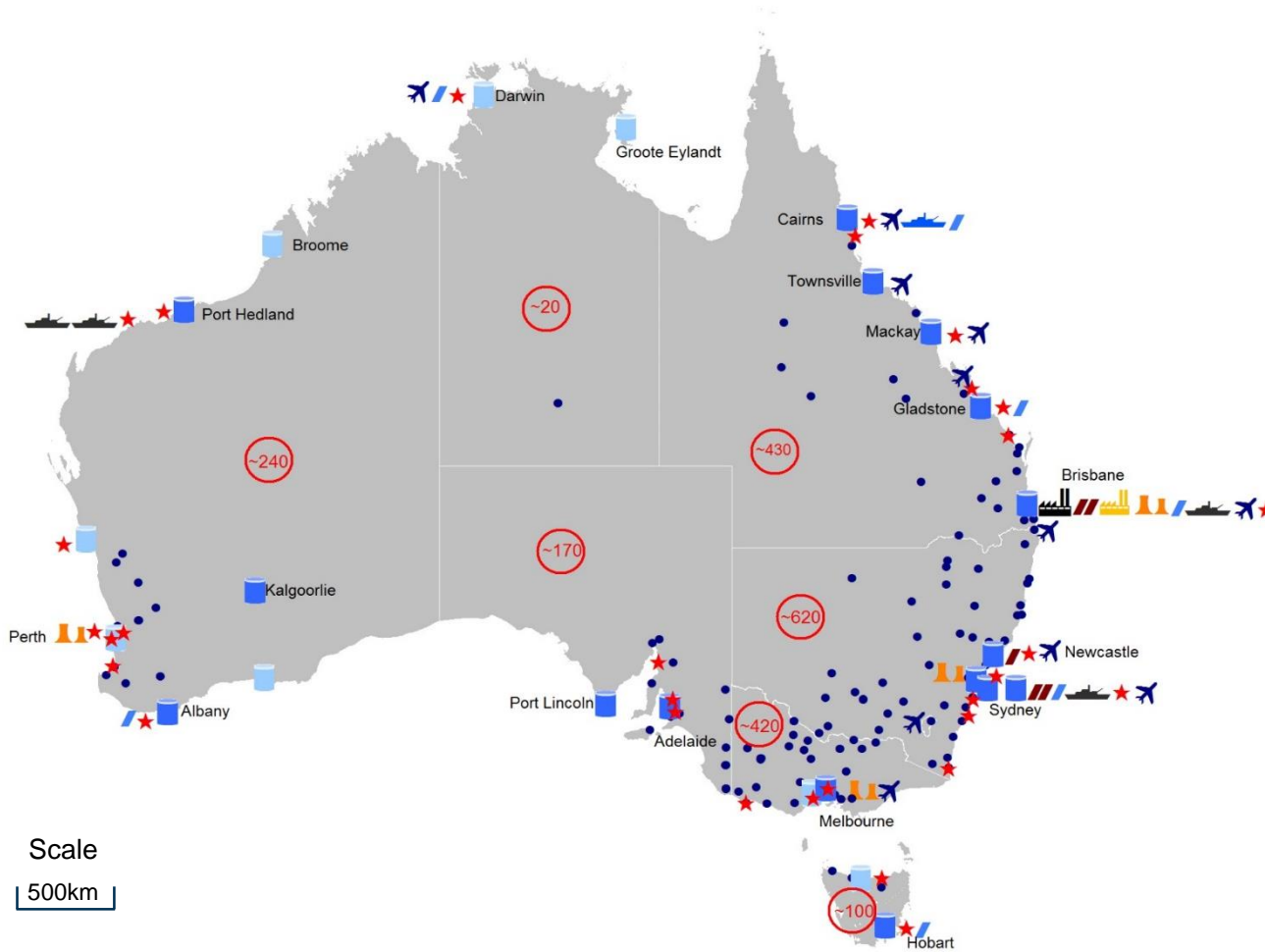
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# The Role of Ampol Singapore

Ampol is responsible for sourcing and shipping crude and products into Caltex's terminals



**Total Caltex transport fuels market size**  
~17 Billion litres =  
~107 million barrels p.a.

### Caltex's national infrastructure network

- Owned terminal (16)
- Host terminal (8)
- Caltex depots (154)
- Caltex refinery (1)
- Caltex Lubricants Manufacturing Plant (1)
- Caltex Lubricants Distribution Centre (4)
- Major pipeline (5)
- Bunker Pipeline (8)
- Fuel barge (4)
- Third party product barge (1)
- Major bunker location (31)
- Airport jet fuel supply (11)
- Retail sites supplied (~2000)

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Kurnell site visit (optional)



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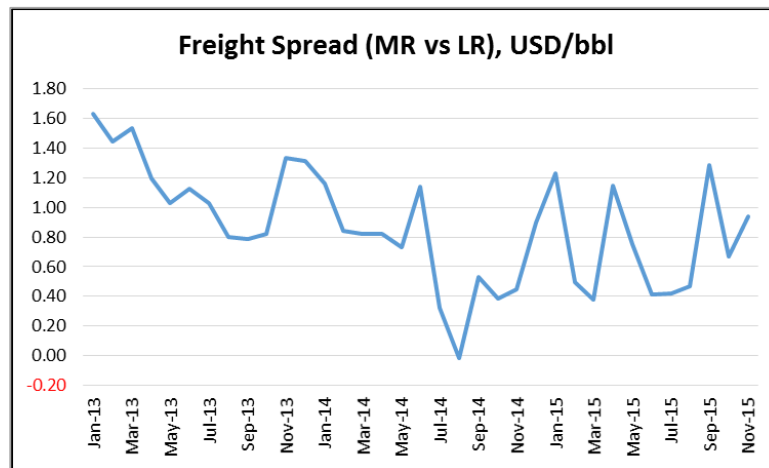
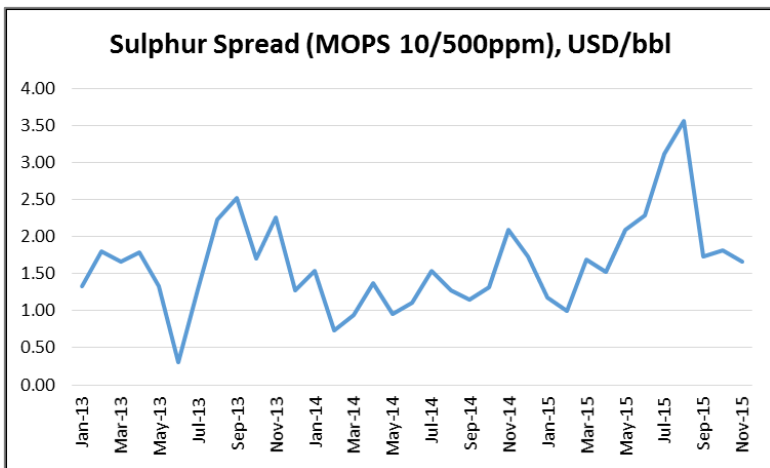
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# Ampol operates as part of Caltex's integrated value chain

Prudent management of market conditions allows Ampol to deliver sustainable value

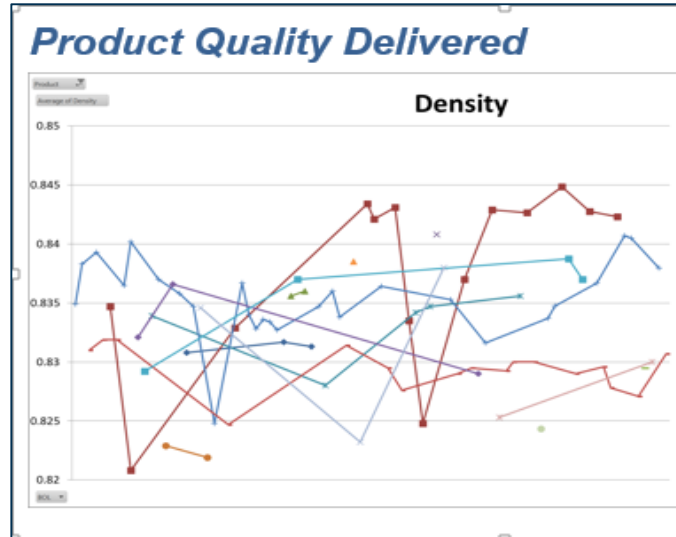


## Regional Supply & Demand (incl. refinery shutdowns)



### Market Reports

- Recent trades
- Trade flows



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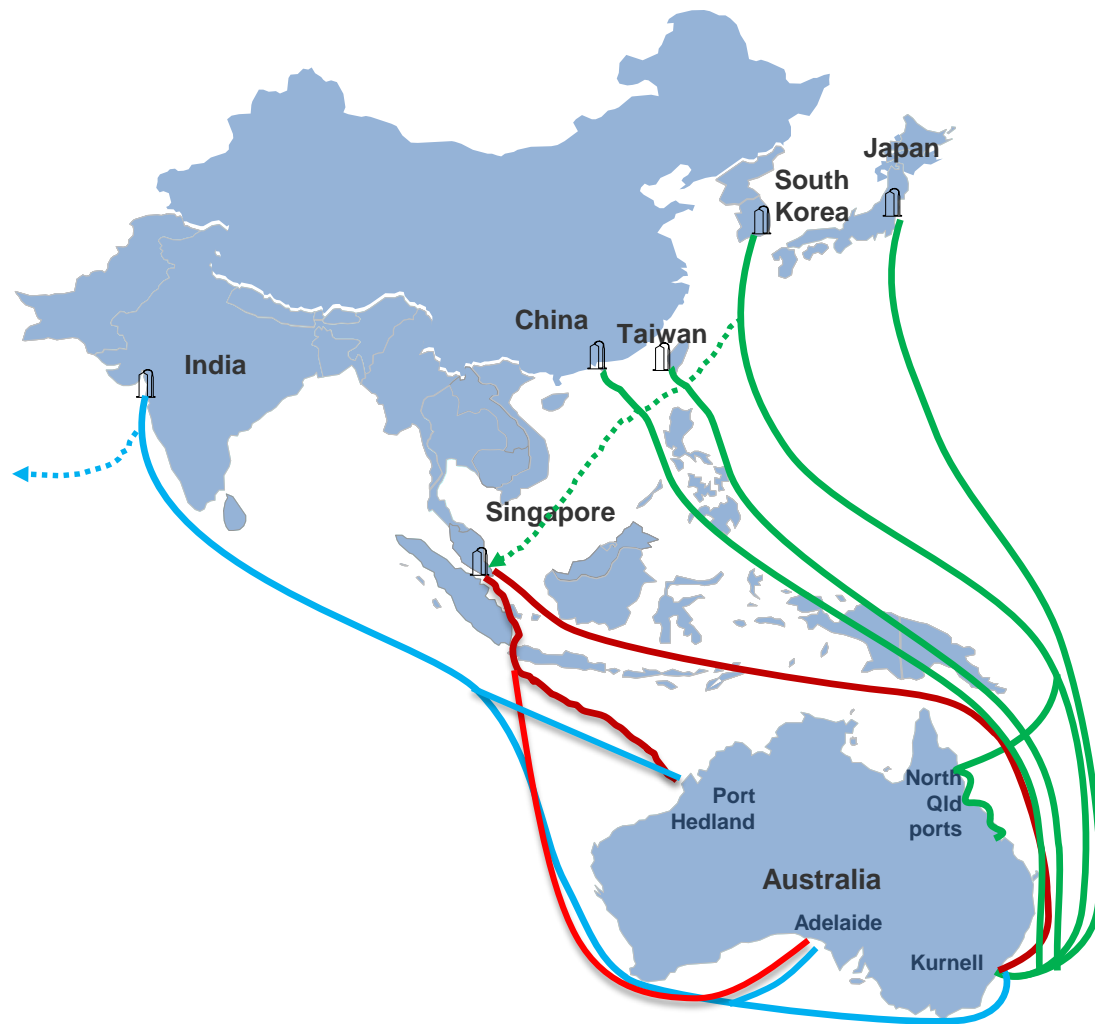
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# Ampol operates as part of Caltex's integrated value chain

Value is driven from understanding how relationships with regional suppliers can add value into the Caltex supply chain



Typical options for product supply (not exhaustive)

- North Asia
- Singapore
- India



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# Ampol operates as part of Caltex's integrated value chain

## Quick summary of some key considerations for Trading

- Pricing index
- Differentials
- Qualities
- Parcel size and volume
- Freight arrangements
- Pick-up or delivery location and method
- Payment terms
- Quality/Grade
- Supply reliability
- Compliance
- Credit

→ Trading generates value from optimisation of some or all of these factors in combinations

# Ampol operates as part of Caltex's integrated value chain

## Example – Kurnell Terminal & Ampol

- Refinery successfully converted to a terminal in October 2014
- 660 million litres of product storage
- Capable of receiving MR/LR1/LR2 sized ships
- Services the largest market in Sydney basin and Newcastle
- Flexible hub to enable product sourcing



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# Ampol operates as part of Caltex's integrated value chain

## Example – Lytton Refinery & Ampol

- 109,000 BBL/day capacity
- Gasoline, diesel and jet are the main production outputs
- New approach to sourcing through Ampol and with single refinery operations



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# Ampol operates as part of Caltex's integrated value chain

## Example – Sourcing through to end-customer

- Supply diversity due to scale and breadth of infrastructure position helps with supply reliability to customers
- Strong focus on Australian market means prudent management of operating constraints and product quality
- Suppliers want to sell to Caltex Australia, as a system short



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Financial Risk Management,  
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Kurnell site visit (optional)



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# The Ampol Organisation

Specialised knowledge is required for a Trading & Shipping organisation

## Traders

- Lead resource to identify best commercial opportunities
- Develops market relationships

## Analysts

- Develops understanding of market through analysis of global trade flows (eg supply/demand, ship movements, physical and paper trading activity)
- Identifies short- and long-term opportunities and threats for trading

## Operations

- Arranges all details for cargoes to meet contract terms and to ensure supply chain operates efficiently (on-time, in-full, on-spec)
- Works closely with both Traders and Charterers

## Shipping

- Efficient shipping is a key enabler for trading
- Range of disciplines to deliver commercial outcomes and manage risk – Chartering, Voyage Management, Marine Assurance, Demurrage



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# The Ampol Organisation

Integral to the Trading & Shipping organisation is a strong support, controls and compliance culture to manage risk

## Middle Office

- Independent and daily oversight of the Trading activities, focused on ensuring activity stays within intent of policy and compliance limits
- Verifies strength of controls across Trading & Shipping organisation, as well as Back Office

## Back Office & Treasury

- Specialised understanding of Trading and Shipping finance (industry-specific contractual terms, large transaction values)

## Contracts & Compliance

- Negotiates detailed contracts to manage liability and risk – relies on industry standards with modifications for wide range of Trading & Shipping activities
- Manages policies and regulatory compliance (range of jurisdictions)

## OE

- Provides subject matter expertise to Trading & Shipping team, eg product quality, environmental risk, emergency response / incident management, etc



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# Questions



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Kurnell site visit (optional)



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# Presenter

**Jeff Etherington**  
Group Treasurer





# Financial Risk Management

**Caltex has a clear strategy to grow earnings, reduce volatility of earnings and cash flow and increase balance sheet flexibility to maximise longer term shareholder returns**

- Shareholders updated on financial risk management developments:
  - 2010 – FX policy to hedge 50% of net USD payables to reduce cashflow volatility
  - 2014 – FX policy to hedge 80% of net USD payables to further reduce cashflow volatility and use of bought FX options to participate if AUD strengthens
- Crude oil and refined product price risks managed under a Board approved Enterprise Commodity Risk Management (ECRM) Policy
- Insurance and credit risk relevant to sourcing also managed under group policies
- As the business evolves, so too has the commodity risk management framework



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# ECRM Policy

- Caltex Board approved policy sets commodity risk appetite for all Caltex companies
- Pre-2014 – Policy focussed on commodity ‘price/timing’ risk management
  - Exposure arising from differences in timing of pricing of purchases and sales
- 2014 – Basis risk management introduced post Kurnell Refinery closure
  - Driven by the material increase in product rather than crude sourcing
  - Broader range of pricing markers
- Commodity swaps used to hedge physical exposures
- No speculation permitted
- As the business changes, the governance and control framework is evolving
  - 2015 review of structure and processes
  - Combination of internal talent and external capability and experience in Ampol

# Governance and Control Framework

## Board

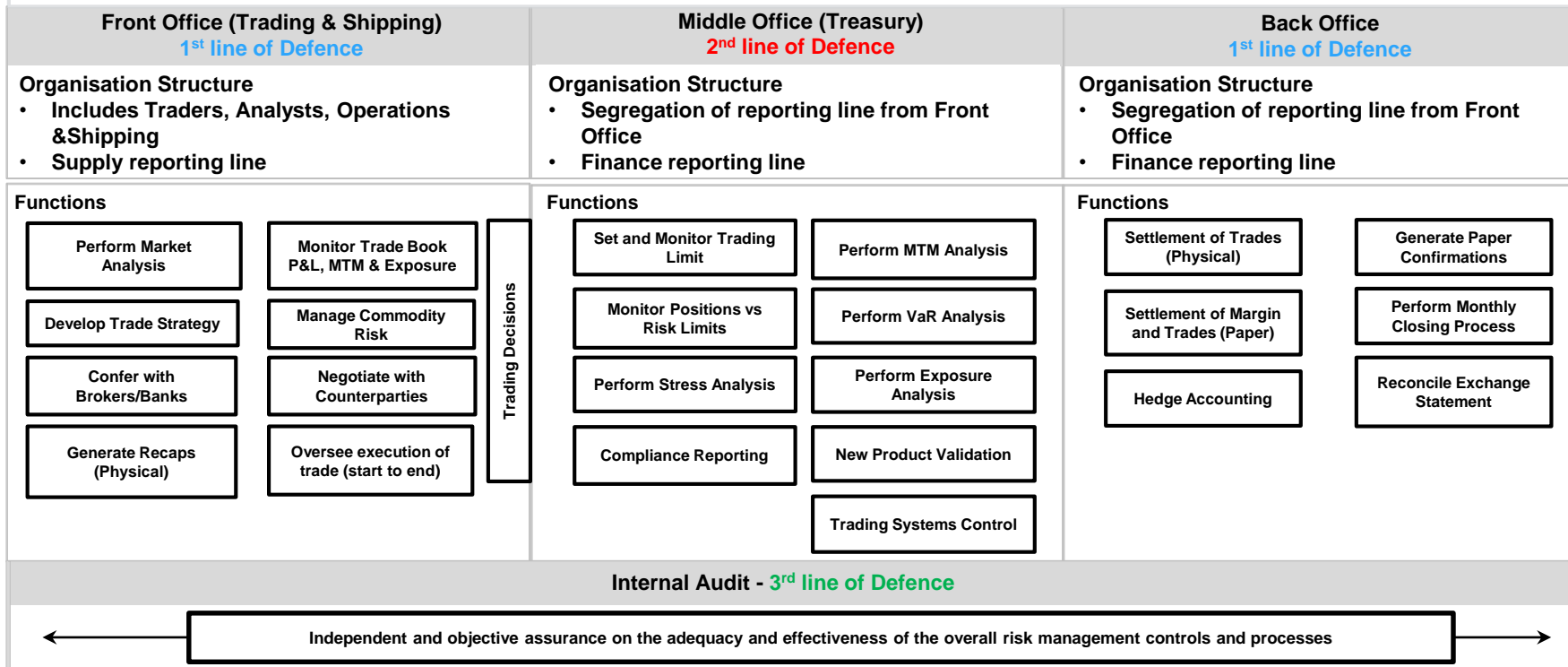
Enterprise Commodity Risk Management (ECRM) Policy (including risk limits and governance structure)

## ECRM Committee

Management committee responsible for the daily operation of the Enterprise Commodity Risk Management Policy

## 3 Lines of Defence

This structure incorporates principles of good practice and the importance of segregation of duties



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# Questions



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# Kurnell Terminal Site Visit

## Caltex Investor Day

4 December 2015



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# Agenda

History of Kurnell

Kurnell Conversion

Kurnell Terminal

Questions

Site tour

Afternoon Tea / Wrap-Up



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# Housekeeping

- Emergency number – Ext 333
- Emergency Alarm - 2 x 10 second blasts
- Muster Point - swipe access card
- Security ID - display at all times
- Smoking - designated areas only
- Long sleeves, long pants, HiVis vest and safety glasses inside the Terminal gate
- Bathrooms
- Please do not leave the group
- Site Visitor Information sheet



# Agenda

## Kurnell Conversion Project

Kurnell Terminal

Questions

Site tour

Afternoon Tea / Wrap-Up



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# Decision to close Kurnell refinery

- In 2011, Caltex commenced a major review of its supply chain with particular focus on the role of refining
- The review concluded:
  - Caltex's refineries are disadvantaged versus modern, larger scale and more efficient Asian refineries
  - Kurnell refinery's scale, configuration and cost structure no longer viable
- In July 2012, Caltex announced a restructure of its supply chain, including:
  - Conversion of Kurnell refinery to a major fuel import terminal
  - Implementation of an improvement program at Lytton refinery
  - Securement of reliable product supply



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Caltex Australia

**ASX/Media release**  
For immediate release  
Thursday 26 July, 2012

#### **Caltex announces supply chain restructuring**

Caltex Managing Director and CEO, Julian Segal, today announced that the Board approved the restructuring of Caltex's supply chain following a major review of its operations with particular focus on the company's refineries.



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# History of Kurnell refinery

- Fuels refinery constructed in the early 1950s and commissioned in 1956
- Lubricating oil refinery (CLOR) commissioned on site in 1964, shutdown in 2011, demolished in 2012
- Processed crude oil into finished products, with a focus on petrol, diesel, jet fuel
- Crude oil delivered to refinery by ship, pumped into large crude oil tanks and then treated by various process units to produce different products
- Finished products stored in product tanks before being distributed by pipeline or ship

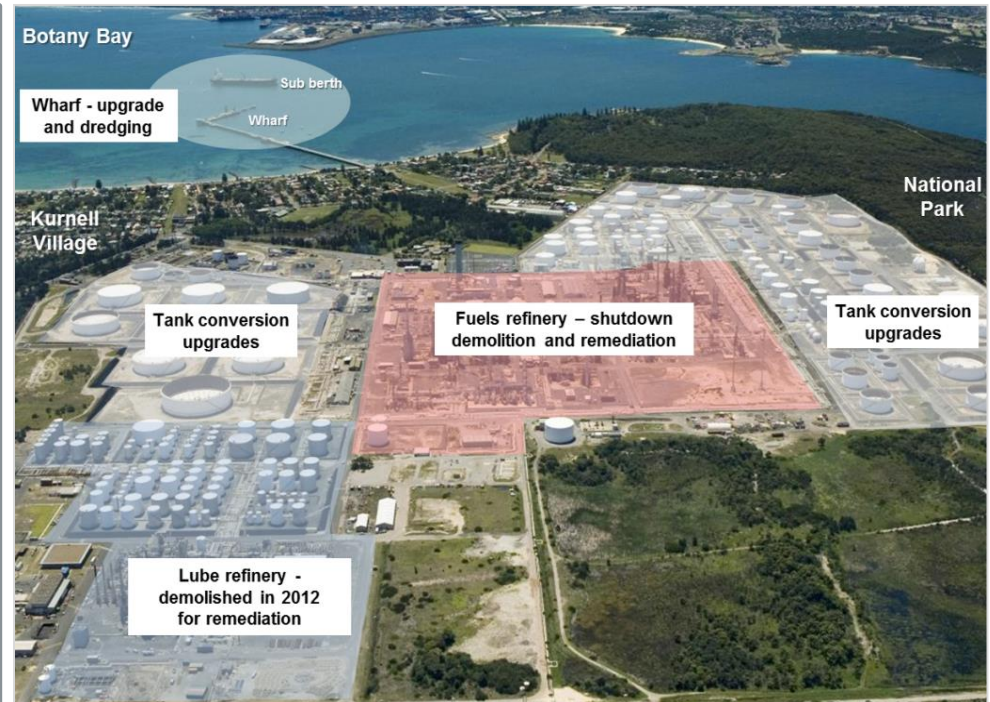


# Kurnell Conversion Project

Conversion involved land-based work inside the refinery as well as marine-based work at the wharf and sub berth

## To:

- Provide flexibility to import fuel products in a broader range of ship sizes
- Reconfigure site to import and store fuel products in place of crude oil
- Final stages - refinery shutdown, decommissioning, demolition, and site remediation



2012

2013

2014

2015

Operate refinery  
Conversion project

4Q 2014  
S/Down  
refinery

Operate terminal  
Complete conversion  
Demolition  
Remediation



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# Conversion - marine projects

- To ensure ships can continue to safely access the berths and also provide flexibility to import fuel in a range of ship sizes (up to LR2) at both the wharf and sub berth
- Project work included:
  - Dredging
  - Upgrades to loading arms and manifolds
  - Upgrades to berthing infrastructure
  - Extending the wharf for long range (LR2) ships

Dredging



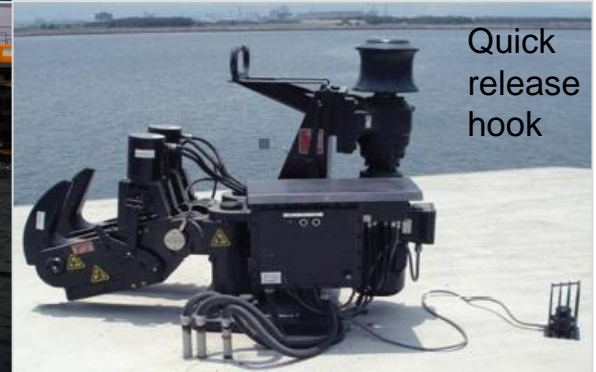
Hydraulic loading arms



Twin mooring buoy



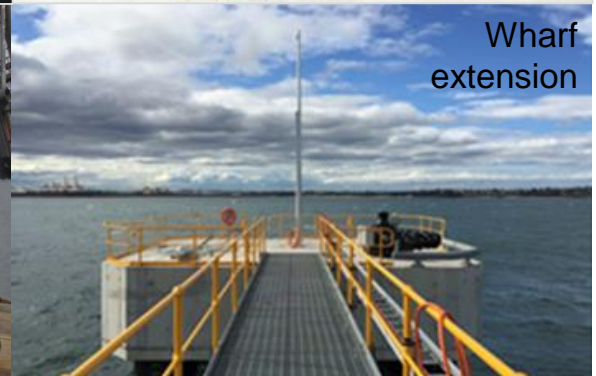
Quick release hook



Sub berth manifold



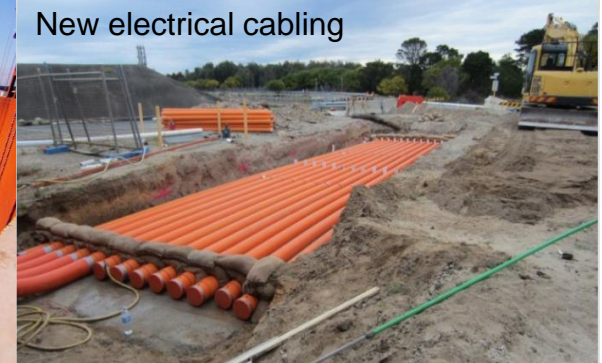
Wharf extension





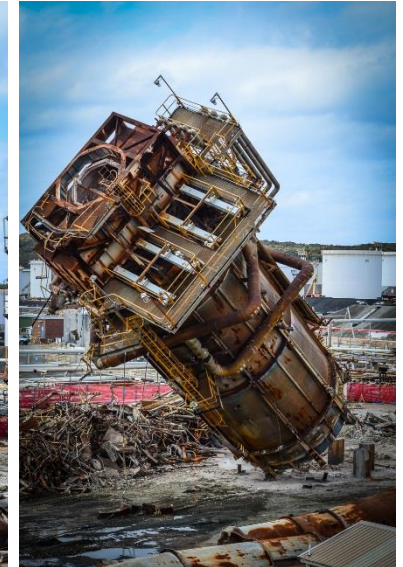
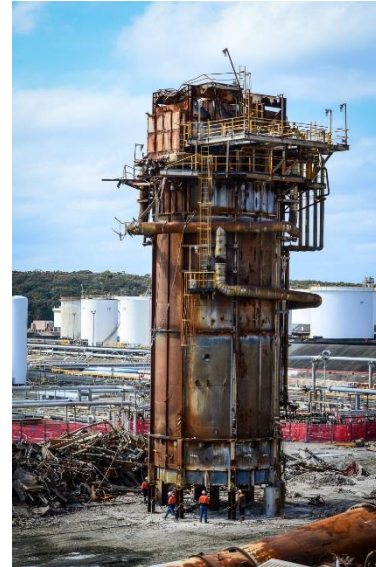
# Conversion - land projects

- To reconfigure the site to store fuel products in place of crude oil
- Project work included:
  - Converting crude tanks to store fuel products
  - Modifying existing product tanks
  - Installing new pumps, piping, instrumentation and automation
  - Upgrades to site systems



# Refinery decommissioning, demolition and remediation

- In October 2014, the refinery was safely shutdown and terminal operations successfully commenced on site
- **Decommissioning**
  - Emptying and cleaning redundant plant and equipment ready for demolition
  - Commenced Q4 2014 and completed Q3 2015
- **Demolition**
  - Dismantling and removing from site redundant refinery process units, tanks, pipelines and buildings
  - Commenced Q3 2015 and progressing to schedule
- **Remediation**
  - Planning is underway in consultation with the EPA



**CALTEX**

*With you all the way*



# The Kurnell Conversion is a Caltex success story

## Caltex's values in action...

- Delivered on budget
- Met an aggressive project schedule
- Best ever site personal safety performance
- Reliable refinery performance
- Seamless transition to terminal - a unique achievement
- Maintained supply to our customers throughout the conversion and transition to terminal operations
- Kurnell workforce well engaged and supported





# Agenda

Kurnell Conversion Project

## **Kurnell Terminal**

Questions

Site tour

Afternoon Tea / Wrap-Up

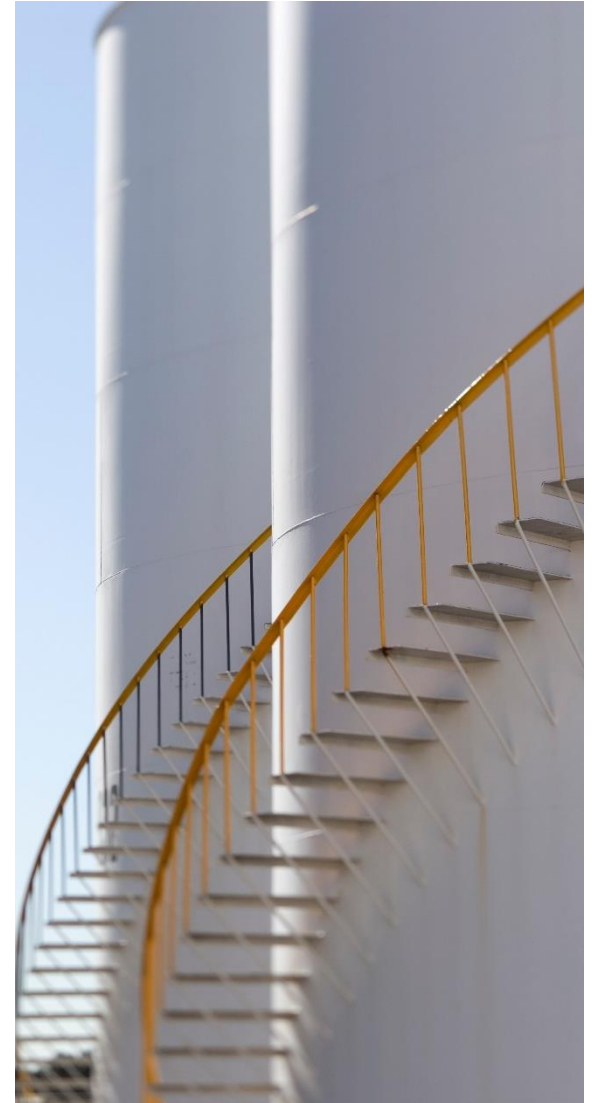


**CALTEX**

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# Kurnell Terminal

- Commenced operation on 13 October 2014
- Imports, stores and distributes petrol, diesel and jet fuel
- Fuel products are delivered to the Kurnell terminal by ship and stored in tanks on site
- Fuel products are distributed from Kurnell to other terminals and Sydney airport using the same pipelines as used by the former refinery, or by ship
- The terminal operates 24 hours a day, 7 days per week
- The terminal directly employs around 45 operations, maintenance and support staff (recruited from refinery)



# Introducing Kurnell Terminal

Kurnell terminal video



# Agenda

Kurnell Conversion Project

Kurnell Terminal

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