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ASX ANNOUNCEMENT



CALTEX AUSTRALIA LIMITED
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16 February 2016

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED

CALTEX REFINER MARGIN UPDATE (DECEMBER 2015)

An ASX release titled "Caltex Refiner Margin Update (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

ASX Release

For immediate release
16 February 2016

Caltex Refiner Margin Update (December 2015)

Caltex advises its realised lagged¹ Caltex Refiner Margin (CRM²), in respect of CRM sales from production for the month of December 2015.

	December 2015	November 2015	December 2014
Unlagged CRM	US\$14.05/bbl	US\$14.42/bbl	US\$13.43/bbl
Impact of pricing lag positive/(negative)	US\$3.15/bbl	US(\$0.71)/bbl	US\$11.68/bbl
Realised CRM	US\$17.20/bbl	US\$13.71/bbl	US\$25.10/bbl
CRM Sales from production	554ML	462ML	499ML

The December unlagged CRM was US\$14.05/bbl. This is broadly in line with the prior month (November 2015: US\$14.42/bbl) and above the prior year equivalent (US\$13.43/bbl). Regionally, the unlagged Caltex Singapore Weighted Average Margin was US\$13.73bbl, below the prior month (November 2015: US\$14.67/bbl) but above the prior year (December 2014: US\$12.73/bbl).

Lower Brent crude oil prices and higher petrol refiner margins, partially offset by lower diesel refiner margins in the last week of December drove a favourable US\$3.15/bbl pricing lag (November unfavourable: US(\$0.71)/bbl).

The December 2015 realised CRM was US\$17.20/bbl, above the November 2015 CRM of US\$13.71/bbl but below the prior year comparative (December 2014: US\$25.10/bbl).

Sales from production in December 2015 (554ML) were above the prior month (November 2015: 462ML) and the prior year equivalent (December 2014: 499ML).

For the twelve months from 1 January 2015 to 31 December 2015, the average realised CRM was US\$16.46/bbl (2014: US\$12.42/bbl) with CRM sales from production totalling 5,465ML (2014: 10,067ML). Full year sales from production in 2015 were impacted by the major Lytton planned maintenance program undertaken in May and June.

Period end 31 December	YTD 2015	YTD 2014
Realised CRM	US\$16.46/bbl	US\$12.42/bbl
Unlagged CRM	US\$16.26/bbl	US\$11.03/bbl
CRM Sales from production	5,465ML	10,067ML

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 (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 volume and margin, Lubricants and Specialties volume and margin, Non-Fuel Income and Other Margin less Operating Expenses.

3. The replacement cost of sales operating profit (RCOP) excludes the impact of the fall or rise in oil and product 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.

Analyst contact

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