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ASX ANNOUNCEMENT



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16 March 2016

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED

CALTEX REFINER MARGIN UPDATE (FEBRUARY 2016)

An ASX release titled "Caltex Refiner Margin Update (February 2016)" 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 March 2016

Caltex Refiner Margin Update (February 2016)

Caltex advises its realised lagged¹ Caltex Refiner Margin (CRM²), in respect of CRM sales from production for the month of February 2016.

	February 2016	January 2016	February 2015
Unlagged CRM	US\$8.30/bbl	US\$12.76/bbl	US\$13.18/bbl
Impact of pricing lag positive/(negative)	US\$0.14/bbl	US\$0.76/bbl	US(\$7.87)/bbl
Realised CRM	US\$8.44/bbl	US\$13.52/bbl	US\$5.31/bbl
CRM Sales from production	435ML	494ML	479ML

The February unlagged CRM was US\$8.30/bbl. This is below the prior month (January 2016: US\$12.76/bbl) and prior year equivalent (US\$13.18/bbl). Regionally, the unlagged Caltex Singapore Weighted Average Margin was US\$10.01/bbl, below the prior month (January 2016: US\$13.47/bbl) and prior year equivalent (February 2015: US\$13.62/bbl).

The higher AUD/USD exchange rate in the last week of February drove a favourable US\$0.14/bbl seven day timing lag (January favourable: US\$0.76/bbl).

The February 2016 realised CRM was US\$8.44/bbl, below the January 2016 CRM of US\$13.52/bbl but above the prior year comparative (February 2015: US\$5.31/bbl).

Sales from production in February 2016 (435ML) were below the prior month (January 2016: 494ML) and the prior year equivalent (February 2015: 479ML).

For the two months from 1 January 2016 to 29 February 2016, the average realised CRM was US\$11.14/bbl (2015: US\$13.24/bbl) with CRM sales from production totalling 928ML (2015:1,014ML).

Period end 29 February	YTD 2016	YTD 2015
Realised CRM	US\$11.14/bbl	US\$13.24/bbl
Unlagged CRM	US\$10.67/bbl	US\$14.21/bbl
CRM Sales from production	928ML	1,014ML

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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