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ASX ANNOUNCEMENT



CALTEX AUSTRALIA LIMITED
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27 June 2016

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED
CALTEX REFINER MARGIN UPDATE (MAY 2016)

An ASX release titled "Caltex Refiner Margin Update (May 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

27 June 2016

Caltex Refiner Margin Update (May 2016)

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

	May 2016	April 2016
Unlagged CRM	US\$9.88/bbl	US\$8.80/bbl
Impact of pricing lag positive/(negative)	US(\$1.03)/bbl	US(\$0.43)/bbl
Realised CRM	US\$8.84/bbl	US\$8.37/bbl
CRM Sales from production	444ML	554ML

The May unlagged CRM was US\$9.88/bbl. This is above the prior month (April 2016: US\$8.80/bbl). Regionally, the unlagged Caltex Singapore Weighted Average Margin was US\$10.84/bbl, above the prior month (April 2016: US\$10.69/bbl).

Higher Brent crude oil prices and a lower AUD/USD exchange rate in the last week of May drove an unfavourable US\$1.03/bbl pricing lag (April unfavourable pricing lag: US\$0.43/bbl).

The May 2016 realised CRM was US\$8.84/bbl, above the April 2016 CRM of US\$8.37/bbl.

Sales from production in May 2016 (444ML) were below the prior month (April 2016: 554ML) due to a short planned shutdown of the No 1 Diesel Hydro treater Unit, which is normally completed outside the scope of the major maintenance program undertaken every five years.

For the five months from 1 January 2016 to 31 May 2016, the average realised CRM was US\$9.80/bbl with CRM sales from production totalling 2,441ML.

Period end 31 May	YTD 2016	1H2015
Realised CRM	US\$9.80/bbl	US\$16.00/bbl
Unlagged CRM	US\$10.08/bbl	US\$16.27/bbl
CRM Sales from production	2,441ML	2,416ML

Comparable prior year period figures are not provided given the Lytton Turnaround and Inspection (T&I) Event during the second quarter 2015.

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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