



Caltex Australia

ASX/Media Release

For immediate release

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Strong Supply & Marketing performance

Key points:

- First half HCOP NPAT of \$318 million (includes a \$64 million after tax inventory gain)
- First half RCOP¹ NPAT of \$254 million, excluding significant items
- Underlying Supply & Marketing EBIT up over 10% to \$359 million, excluding externalities of \$10 million
- Lytton refinery EBIT of \$92 million, reflecting lower first half refiner margins compared to 1H 2015, partially offset by stronger production volumes (strong operating performance and prior year impact of major maintenance program)
- Interim dividend 50.0 cents per share (fully franked) declared

Results summary	Half year ended 30 June	
	2016 \$M	2015 \$M
Historic Cost result after tax	318	375
Adjust for:		
Inventory loss / (gain)	(64)	(95)
Significant items	0	(29)
RCOP result:		
Excluding significant items		
After tax	254	251
Before interest and tax	397	383

Historic Cost Profit

On an historic cost profit basis, Caltex's after tax profit was \$318 million for the first half of 2016. This compares unfavourably to the \$375 million after tax profit for the first half of 2015.

¹ The replacement cost of sales operating profit (RCOP) excludes the impact of the fall or rise in oil and product prices (key external factors) 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.

The 2016 half year result includes crude and product inventory gains of \$64 million after tax, compared with crude and product inventory gains of \$95 million after tax for the half year to 30 June 2015.

Replacement Cost Operating Profit

On a replacement cost of sales operating profit (RCOP) basis, Caltex's after tax profit was \$254 million for the first half of 2016. This compares with \$251 million for the first half of 2015.

Business performance

Supply and Marketing continues to focus on optimising the entire value chain, from product sourcing to the customer, with the result incorporating Ampol Singapore and supply operations and continued focus on Tabula Rasa benefits, offset by the ongoing competitiveness of wholesale and commercial markets.

Supply and Marketing delivered an EBIT result of \$349 million. This result includes unfavourable externalities of \$10 million, including a price timing lag loss of \$8 million (2015 first half: a price timing lag loss of \$14 million) and a realised loss on US dollar denominated product payables of \$2 million (2015 first half: a realised loss of \$17 million). Excluding these externalities, the underlying Supply and Marketing EBIT of \$359 million compares favourably to the first half 2015 EBIT of \$315 million (which excludes the \$20 million in one-off supply costs incurred in supporting Lytton's major maintenance program in 2015).

Continued growth in sales of premium grades Vortex 95 and Vortex 98 partially offset the long term decline in demand for unleaded petrol, including E10. Total petrol volumes fell 2.2% to 2.9 billion litres (first half 2015: 3.0 billion litres), broadly in line with industry trends.

Total diesel volumes of 3.5 billion litres were in line with prior year. Strong growth in premium Vortex diesel product across Caltex's retail segment continues with sales volumes up 14%. Lower commercial diesel volumes reflect completion of a number of LNG related infrastructure projects, with the transport, industrial and SME sectors remaining subdued.

Jet volumes increased 7.0% to 1.3 billion litres.

Caltex continues to invest in its retail site and terminal network, with 8 new retail sites and 4 knock down and rebuild retail sites completed in the first half of 2016. The rate of retail site investment has been temporarily slowed with future plans to reflect the outcome of our convenience retail strategy review.

Lytton refinery delivered an EBIT of \$92 million in the first half, compared with an EBIT of \$154 million for the first half of 2015.

Sales from production from the Lytton refinery in the first half totalled 2.9 billion litres, up approximately 20% from the same period last year (2.4 billion litres). This reflects a continued strong operational performance, and the 2015 impact of the major Turnaround & Inspection maintenance program, which occurs once every five years.

The average realised Caltex Refiner Margin (CRM)¹ for the six months to 30 June 2016 was US\$10.10 per barrel. This compares unfavourably to the 2015 first half average of US\$16.00 per barrel.

Strong balance sheet maintained post buy-back

Net debt at 30 June 2016 was \$693 million, which compares with \$432 million at 31 December 2015 and \$715 million at 30 June 2015. The increase in debt reflects the \$270 million off-market buy back completed in April of this year, as well as the payment of the increased final 2015

¹ 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.

dividend. This equates to a gearing ratio of 21% (net debt / net debt plus equity). On a lease adjusted basis, gearing was 34%.

Interim dividend

The Board has declared an interim fully franked dividend of 50 cps for the first half of 2016, in line with the target dividend pay-out ratio of 40% to 60%. This compares to Caltex's 2015 interim dividend of 47 cps, fully franked. The record and payment dates for the interim dividend are 8 September 2016 and 30 September 2016, respectively.

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Caltex Australia

A proud and iconic Australian company, Caltex has grown to become the nation's leading transport fuel supplier, with a vast network of approximately 1,900 company-owned, franchised or affiliated sites. Caltex aims to be the market leader in complex supply chains and the evolving convenience marketplace, by delivering the fuel and other everyday needs of its diverse customers through its networks. With a history tracing back to 1900, Caltex has safely and reliably fuelled the needs of Australian motorists and businesses for more than a century. It operates as a refiner, importer and marketer of fuels and lubricants. It is listed as CTX on the Australian Securities Exchange.