

ASX Release

For immediate release
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CALTEX REFINER MARGIN UPDATE (JULY 2016)

Caltex advises its realised lagged¹ Caltex Refiner Margin (CRM)², in respect of CRM sales from production for the month of July 2016.

	July 2016	June 2016	July 2015
Unlagged CRM	US\$9.37/bbl	US\$11.08/bbl	US\$16.50/bbl
Impact of pricing lag positive/(negative)	US\$0.93/bbl	US\$0.52/bbl	US\$1.04/bbl
Realised CRM	US\$10.30/bbl	US\$11.60/bbl	US\$17.54/bbl
CRM Sales from production	579ML	484ML	434ML

The July unlagged CRM was US\$9.37/bbl. This is below the prior month (June 2016: US\$11.08/bbl) and prior year monthly comparative (US\$16.50/bbl). Regionally, the unlagged Caltex Singapore Weighted Average Margin was US\$8.49/bbl, below the prior month (June 2016: US\$10.88/bbl) and prior year (July 2015: US\$15.42/bbl).

Lower Brent crude oil prices and lower petrol and diesel refiner margins in the last week of July drove a favourable US\$0.93/bbl pricing lag (June favourable pricing lag: US\$0.52/bbl). The July 2016 realised CRM was US\$10.30/bbl, below June 2016 CRM of US\$11.60/bbl and the prior year comparative (July 2015: US\$17.54/bbl).

Sales from production in July 2016 of 579ML were above the prior month (June 2016: 484ML) and prior year comparative (July 2015: 434ML).

For the seven months from 1 January 2016 to 31 July 2016, the average realised CRM was US\$10.13/bbl (2015: US\$16.24/bbl) with CRM sales from production totalling 3,504ML (2015: 2,850ML).

Period ended 31 July	YTD2016	YTD2015
Realised CRM	US\$10.13/bbl	US\$16.24/bbl
Unlagged CRM	US\$10.10/bbl	US\$16.31/bbl
CRM Sales from production	3,504ML	2,850ML

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



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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 of sales 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.

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