

## ASX RELEASE

22 November 2016

### CALTEX REFINER MARGIN UPDATE (OCTOBER 2016)

Caltex advises its realised lagged<sup>1</sup> Caltex Refiner Margin (CRM<sup>2</sup>), in respect of CRM sales from production for the month of October 2016.

	October 2016	September 2016	October 2015
Unlagged CRM	US\$ 12.27/bbl	US\$ 10.82/bbl	US\$ 16.23/bbl
Impact of pricing lag positive/(negative)	US\$ (0.89)/bbl	US\$ 0.12/bbl	US (\$0.57)/bbl
Realised CRM	US\$ 11.38/bbl	US\$ 10.94/bbl	US\$ 15.66/bbl
CRM Sales from production	558 ML	532 ML	580 ML

The October unlagged CRM was US\$ 12.27/bbl. This is above the prior month (September 2016: US\$ 10.82/bbl) but below the prior year monthly comparative (US\$ 16.23/bbl).

Regionally, the unlagged Caltex Singapore Weighted Average Margin was US\$ 12.69/bbl, above the prior month (September 2016: US\$ 10.02/bbl) but below the prior year (October 2015: US\$13.46/bbl).

Higher Brent crude oil prices and higher petrol and diesel refiner margins in the last week of October drove an unfavourable US\$ (0.89)/bbl pricing lag (September favourable pricing lag: US\$0.12/bbl).

The October 2016 realised CRM was US\$ 11.38/bbl, above September 2016 CRM of US\$ 10.94/bbl but below the prior year comparative (October 2015: US\$ 15.66/bbl).

Sales from production in October 2016 of 558ML were above the prior month (September 2016: 532ML) but below the prior year comparative (October 2015: 580ML).

For the ten months from 1 January 2016 to 31 October 2016, the average realised CRM was US\$ 10.09/bbl (2015: US\$ 16.66/bbl) with CRM sales from production totalling 5,174 ML (2015: 4,448ML). Prior year sales from production was adversely impacted by the major Turnaround & Inspection maintenance program, which occurs once every five years.

Period ended 31 October	2016	2015
Realised CRM	US\$ 10.09/bbl	US\$ 16.66/bbl
Unlagged CRM	US\$ 10.26/bbl	US\$ 16.72/bbl
CRM Sales from production	5,174ML	4,448ML

#### 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 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.

### **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.

For more information visit [www.caltex.com.au](http://www.caltex.com.au)

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