

ASX RELEASE

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CALTEX REFINER MARGIN UPDATE (MARCH 2017)

Caltex advises its realised lagged¹ Caltex Refiner Margin (CRM²), in respect of CRM sales from production for the month of March 2017.

	March 2017	February 2017	March 2016
Unlagged CRM	US\$11.26/bbl	US\$12.54/bbl	US\$10.58/bbl
Impact of pricing lag positive/(negative)	US\$0.39/bbl	US\$0.17/bbl	US(\$0.84)/bbl
Realised CRM	US\$11.65/bbl	US\$12.71/bbl	US\$9.74/bbl
CRM Sales from production	534 ML	425 ML	514ML

The March unlagged CRM was US\$11.26/bbl. This is below the prior month (February 2017: US\$12.54/bbl) but above the prior year monthly comparative (US\$10.58/bbl).

The unlagged Caltex Singapore Weighted Average Margin was US\$12.04/bbl, which is below the prior month (February 2017: US\$13.40/bbl) but above the prior year (March 2016: US\$11.26/bbl).

Lower Brent crude oil prices in the last week of March drove a favourable US\$0.39/bbl pricing lag (February favourable pricing lag: US\$0.17/bbl).

The March 2017 realised CRM was US\$11.65/bbl including the pricing lag. This is below the February 2017 CRM of US\$12.71/bbl, but above prior year comparative (March 2016: US\$9.74/bbl).

Sales from production in March 2017 of 534 ML were above the prior month (February 2017: 425 ML) and prior year comparative (March 2016: 514 ML).

For the three months to 31 March 2017, the average realised CRM was US\$12.23/bbl (2016 US\$10.65/bbl) with CRM sales from production totalling 1,460 ML (2016: 1,443 ML).

Period ended 31 March	2017	2016
Realised CRM	US\$12.23/bbl	US\$10.65/bbl
Unlagged CRM	US\$11.91/bbl	US\$10.65/bbl
CRM Sales from production	1,460 ML	1,443 ML

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. RCOP excludes the unintended 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

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