

ASX RELEASE

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CALTEX REFINER MARGIN UPDATE (OCTOBER 2017)

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

	October 2017	September 2017	October 2016
Unlagged CRM	US\$12.38/bbl	US\$15.05/bbl	US\$12.27/bbl
Impact of pricing lag positive/(negative)	US(\$0.20)/bbl	US(\$0.96)/bbl	US(\$0.89)/bbl
Realised CRM	US\$12.19/bbl	US\$14.10/bbl	US\$11.38/bbl
CRM Sales from production	509 ML	492 ML	558 ML

The October unlagged CRM was US\$12.38/bbl. This is below the prior month (September 2017: US\$15.05/bbl) but above the prior year monthly comparative (US\$12.27/bbl).

The October unlagged Caltex Singapore Weighted Average Margin was US\$12.69/bbl, which is below the prior month (September 2017: US\$13.96/bbl) and in line with the prior year (October 2016: US\$12.69/bbl).

Higher Brent crude oil prices and a lower AUD/USD exchange rate in the last week of October drove an unfavourable US(\$0.20)/bbl pricing lag as compared with the prior month (September: US(\$0.96)/bbl pricing lag).

The October 2017 realised CRM was US\$12.19/bbl. This is below the September 2017 CRM of US\$14.10/bbl but above the prior year comparative (October 2016: US\$11.38/bbl).

Sales from production in October 2017 of 509 ML were above the prior month (September 2017: 492 ML) but below the prior year comparative (October 2016: 558 ML).

For the ten months to 31 October 2017, the average realised CRM was US\$13.15/bbl (2016 US\$10.09/bbl) with CRM sales from production totalling 5,045 ML (2016: 5,174 ML).

Period ended 31 October	2017	2016
Realised CRM	US\$13.15/bbl	US\$10.09/bbl
Unlagged CRM	US\$13.22/bbl	US\$10.26/bbl
CRM Sales from production	5,045 ML	5,174 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 [ASX:CTX]

A proud and iconic Australian company, Caltex is the nation's leading transport fuel supplier with end-to-end operations in refining, importing and marketing our premium fuels and lubricants. 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. Caltex aspires to be the market leader in complex supply chains and to execute our 'Freedom of Convenience' strategy for customers through our network of around 1,900 company-owned, franchised or affiliated sites. Follow us on LinkedIn, Facebook and Twitter @CaltexAustralia.

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