

ASX Release

30 October 2018

CALTEX REFINER MARGIN UPDATE (Q3 2018)

Caltex Australia (ASX: CTX) advises its realised lagged¹ Caltex Refiner Margin (CRM²) in respect of CRM sales from production for the 3 month period of July to September 2018.

	Q3 2018	Q2 2018	Q3 2017
Unlagged CRM	US\$12.17/bbl	US\$10.42/bbl	US\$15.23/bbl
Impact of pricing lag positive/(negative)	US(\$0.64)/bbl	US(\$0.43)/bbl	US(\$0.63)/bbl
Realised CRM	US\$11.53/bbl	US\$9.99/bbl	US\$14.60/bbl
CRM Sales from production	1,410 ML	1,578 ML	1,518 ML

The Q3 2018 unlagged CRM was US\$12.17/bbl. This is above the prior quarter (Q2 2018: US\$10.42/bbl), but below the prior year comparative (Q3 2017: US\$15.23/bbl).

The Q3 2018 unlagged Caltex Singapore Weighted Average Margin was US\$12.21/bbl, which is above the prior period (Q2 2018: US\$11.34/bbl) and below the prior year comparative (Q3 2017: US\$13.67/bbl).

Rising Brent crude oil prices drove an unfavourable US\$0.64/bbl pricing lag (Q2 2018: unfavourable US\$0.43/bbl pricing lag).

The Q3 2018 realised CRM was US\$11.53/bbl. This is above the Q2 2018 CRM of US\$9.99/bbl and below the prior year comparative (Q3 2017: US\$14.60/bbl).

Sales from production in Q3 2018 of 1,410 ML are below the Q2 2018 (Q2 2018: 1,578 ML) due to the Lytton planned T&I and above the prior year comparative (Q3 2017: 1,518 ML).

For the nine months from 1 January 2018 to 30 September 2018, the average realised CRM was US\$10.26/bbl (2017: US\$13.26/bbl) with CRM sales from production totalling 4,566 ML (2017: 4,536 ML).

Period ended 30 September	2018	2017
Realised CRM	US\$10.26/bbl	US\$13.26/bbl
Unlagged CRM	US\$10.71/bbl	US\$13.32/bbl
CRM Sales from production	4,566 ML	4,536 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. Caltex resegmented earnings from first half 2018 into two new segments, Fuels and Infrastructure and Convenience Retail. CRM earnings are within the Fuels and Infrastructure segment. Additionally, pricing lag is now excluded from RCOP earnings, and is instead included in movement in inventory as a component of inventory gain/loss.

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.

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Caltex Australia

A proud and iconic Australian company, Caltex [ASX:CTX] has grown to become the nation's leading transport fuel supplier, with a network of approximately 1,900 company-owned 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. Caltex has safely and reliably fuelled the needs of Australian motorists and businesses since 1900. It operates as a refiner, importer and marketer of fuels and lubricants. Follow us on LinkedIn, Twitter and Facebook, and for more information visit www.caltex.com.au