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ASX RELEASE

Caltex Australia Limited
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FIRST QUARTER 2020 TRADING UPDATE

Caltex Australia Limited (ASX:CTX) today provides an update on its first quarter 2020 profits.

1Q 2020 Profit Guidance (unaudited)	Quarter ending 31 March	
	2020 ($M)	2019 ($M)
Fuels & Infrastructure (excluding Lytton)	71	104
Lytton Refinery EBIT	(18)	5
Fuels & Infrastructure (F&I) EBIT	**53**	**109**
Convenience Retail (CR) EBIT	**102**	**40**
Corporate Costs	**(13)**	**(11)**
Group RCOP EBIT	**142**	**138**
RCOP NPAT	**80**	**94**
Inventory loss	(109)	(37)
HCOP NPAT	**(29)**	**57**

Caltex Interim CEO, Matthew Halliday, said "The first quarter result shows the resilience of our integrated business, with strong performance in Convenience Retail mitigating the impacts of record low refiner margins and weakness across the economy, including significant volume impacts from bushfires early in the year and the government response to COVID-19."

"Caltex enters the current period of COVID-19 uncertainty with a strong balance sheet and we will continue to protect our cashflows and to position ourselves to take advantage of opportunities that will arise when markets recover."

Convenience Retail EBIT increased materially on the previous corresponding period (pcp) as favourable industry retail fuel margins more than offset volume weakness across the quarter. This is prior to the current impact of COVID-19.

CR fuel volumes fell 8% to 1.1BL in 1Q 2020. Retail fuel volumes were impacted by bushfires, floods, and broader economic weakness, as well as COVID-19 restrictions introduced in late March. Following the implementation of Stage 2 and 3 government restrictions, Caltex has observed nationwide gasoline and diesel demand reductions towards the upper end of the ranges noted in the 6 April 2020 release.

Both shop sales and shop margin were broadly flat on pcp, with operational improvements, particularly through optimised labour practices and increases in average basket value helping to offset reduced customer numbers as a result of the broader macro environment.

Fuels & Infrastructure excluding Lytton EBIT reduced by 32% on pcp, with 1Q 2020 impacted by unprecedented global oil market disruptions resulting from the combination of the new IMO2020 marine

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fuel standards, OPEC+ production tensions and the emerging impacts of COVID-19, resulting in market disconnects across all crude, product and freight markets.

Market conditions prior to the emergence of COVID-19 saw reduced earnings from gasoline product flows for the Australian system, with the relative strengthening of the gasoline spot market. When combined with lower Convenience Retail and reseller gasoline volumes, this further impacted earnings through the integrated value chain.

Jet earnings were also impacted by lower jet sales volumes, as well as ongoing impacts from higher product freight costs due to the implementation of IMO2020, and the impact of these freight costs on customer jet fuel contracts. Typical offsetting benefits from freight differentials across F&I were not realised due to the onset of COVID-19 influences on global markets.

Caltex has continued to remain disciplined in its hydrocarbon supply decisions through its physical trade-focused Ampol Singapore team. Optimising value from the integrated supply chain through all market conditions remains Caltex's focus, with strict adherence to risk management principles being a key priority during these times of market disruption.

Lytton Refinery EBIT was an $18 million loss in 1Q 2020, down from a $5 million profit in the pcp. This decrease was due to the impacts of lower Singapore Weighted Average Margin (SWAM) and of IMO2020 on landed crude oil premiums. The average 1Q 2020 Caltex Refiner Margin (CRM[1]) was US$4.87 per barrel, down from the 1Q 2019 CRM average of US$7.53 per barrel, albeit on higher CRM sales from production of 1.6BL.

Total F&I fuel sales volumes increased 11% to 4.9BL in 1Q 2020, driven by growth in International sales volumes to 1.1BL from the start-up of the international storage pilot and continued solid performance from Gull (New Zealand) and Seaoil (Philippines), prior to the impact of COVID-19 government controls in both countries. Total Australian wholesale fuel sales volumes (which includes Convenience Retail) fell by 4% to 3.8BL, largely driven by a 25% reduction in jet fuel volumes.

Authorised for release by: the Chairman of Caltex Australia Limited.

Notes

1. 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 EBIT earnings (excluding significant items) of the Lytton refinery, which is part of the Fuels and Infrastructure.

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